

lium-term vth et of 7-11%

pply growth is to be cut by half
ent in 1983-84, the last year
y the Government spending plans.
dium term the growth target in
1 to mid-April, 1981 will be 7
cent at an annual rate. Monetary
is already begun to slow down,
seller said.

of 4 pc

Sector Borrowing Requirement
e than 4 per cent of national
1980-81 will be needed to meet
targets. That means a PSBR next
\$500m and a projected growth in
my of only 1 per cent a year until

riptions up £1

ion charges are to rise to £1 next
r. That will bring in an additional
full year with the present range
exempt from charges remaining.

ice spending rises

on defence is to increase by 3 per
an additional 2½ per cent on
designed to improve law and
increasing spending on the police,
a service and courts.

ement pensions

ement pension is to be raised in
r by £6.15 to £43.45 for a married
ad by £3.85 to £27.15 for a single
he £10 Christmas bonus for
s remains and further aid for fuel
proposed.

arent families

ber the one-parent family payment
creased from £2.50 to £3 a week,
ity allowance will increase by
week to £14.50, supplementary
will also rise in line with the
increase in prices and the family
upplement scheme will be
to take in more families.

its to be taxed

of sickness benefits will become
rough PAYE from April 1982
h unemployment benefits, and
bring other short-term
nary benefits into income tax are
sidered. The Earnings Related
ents system is to be scrapped on
1, 1982.

-linking inquiry

ed pension in the public sector,
those paid to retired MPs and
are to be the subject of a
ent inquiry. Doubts have been
to whether adequate allowance
the value of such pensions in
for pay negotiations.

Sea oil tax up

venue Tax paid by North Sea oil
s is to be increased by 10 per cent
cent on June 30 and from March,
anies will be required to make an
ayment of 15 per cent based on
figures. Those changes are
to bring in an extra £555m in
aking the total tax from the North
re than £4,000m.

unchanged

ard VAT rate remains unchanged
cent and new penalties for
payment, based on a proportion of
involved, are to be introduced. The
maximum penalty of £100 plus £10
ayed is seen as inadequate.

er bingo duty

betting remains unchanged, but
over 1 duty paid by casinos will be
o their profitability rather than
due. Duty on bingo will be
on October 1 from 5 per cent to
nt and duty will be removed on
one-armed bandits but higher
igned to bring in £1m a year, will
uced on other gaming machines
and pubs.

gallon on petrol

petrol was increased from 6 pm
y to 45.46p a gallon, 10p a gallon
ups. Diesel duty was increased by
at on pump prices, to bring the
se two fuels in line. That will bring
ra £505m a year.

ne tax changes

ax changes, which will be reflected
st pay packet after May 31 and be
ed to April 6, raising the main
allowances by 18 per cent. The
x rate of 25 per cent has been
d on the first £750 of taxable
and the point at which higher rate
comes payable is raised from
to £11,250.

pany cars

ef of figures used for assessing the
efits of having a company car is
sed by 20 per cent in April, 1981
value of clothing and television sets
1 by companies and company loans
to be taxed at increased levels.

es tax relief

es will be able to claim tax relief
0 rather than £500 of shares held
employer's company. They will now
to sell the shares after two rather
e years and draw them out free of
tax after seven rather than 10 years.

ll businesses

es to help small businesses will
a programme of small factory
z, a new venture capital scheme,
corporation tax for small companies,
in annuity relief for the
ployed and an easing of tax relief
rest paid on money borrowed for
ig or lending to small companies.

nothing for everyone

uth African Budget was described
ay as having something for every-
nd being a golden opportunity to
be country's wealth. Tax concessions
er benefits of £87.15m were made
Page 8

Tough Budget cuts price-rise protection for benefits

The Chancellor yesterday presented a tough Budget that broke the protective link, based on price increases, for many social security benefits. He said the "poor short-

term economic outlook" had to be endured for a year or two until his strategy to restore prosperity succeeded. Mr James Callaghan described his measures as the most

socially divisive Budget since 1931. Mr Len Murray, TUC general secretary, said it would take Britain "back to the thirties with a vengeance".

Aid to small firms cheered by Tories

By Fred Emery
Political Editor

Preaching what he called "in-
escapable" tough policies, Sir
Geoffrey Howe, Chancellor of the
Exchequer, presented a Budget yester-
day that broke the protective
link of automatic increases, based
on price increases, for many social
security benefits and, to a lesser
extent, for tax allowances.

Most eye-catching was his pro-
posal to raise NHS prescription
charges to £1 from next December
from the present 45p, and it pro-
duced uproar on the Labour
benches. But from the Tories, who
received much of the glow from
gloomily, there was a welcome for a
package of relief measures for small
businesses.

Sir Geoffrey, who could only urge
that the "poor short term economic
outlook" be endured for a difficult
year or two until his strategy for the
restoration of prosperity succeeded,
was denounced by Mr Callaghan,
Leader of the Opposition, for what
he termed the most socially divisive
Budget since 1931.

The novelty of the Chancellor's
simultaneous presentation of
medium term plans for spending as
well as receipts revealed a grim pic-
ture of the worsening recession.

His forecast was that output would
fall by 2½ per cent this year and
that it would increase by only 1 per
cent a year thereafter until 1984,
even including the great flood of
North Sea oil.

Public spending to be reduced

The Treasury forecast for inflation
for the coming 12 months is that it
will peak at 20 per cent in the
second quarter, fall to 16½ per cent
by December, and be down to 13½
per cent by June 1981.

To halt inflation Sir Geoffrey
announced a steadily tightening
monetary policy; the target rates for
M3 will be reduced year by year
until 1984, when the present range
of 7-11 per cent is down to between
4-8 per cent.

Likewise, public spending is to be
progressively reduced: next year
the total new cuts produced by the
Government's "second" look
amounts to £900m, which is also a
further reduction in its proportion to
national income—down to 4 per
cent.

Virtually the only items spared
have been defence and law and
order, as well as overall health
spending.

However, in spite of these efforts
and the new medium term strategy
Sir Geoffrey was not able to an-
nounce any reduction in minimum
living rate; nor did he make any
forecast of the potential rise in
unemployment.

Important, indeed vital, though
the Chancellor's elaborations of his
strategy were, MPs seemed
impatient to get to the detail. After
the howl over prescription charges
the key passage reducing social

security benefits was received
sombrely.

Social security at £20,000m this
year, and representing a quarter of
total public expenditure, could not,
Sir Geoffrey argued, "be exempt
from measures to restrain its
growth".

Much of the growth, he said, had
come about because the benefits had
been improved in expectation of
economic growth that had never
been achieved "a striking example
of our capacity for spending money
before it has been earned".

After that there were few sur-
prises. Exemptions from reductions
were retirement pensions and
supplementary benefit for the
"really weak and needy"; single
parent and disability allowances
would get increases amounting to
50 per cent since the Government
assumed office last May.

New legislation on benefits

The Chancellor then set about
altering the balance between those
in and out of work, with a passage
that seemed to lay to rest the irri-
tations of the employees with those
they may see as scroungers.

The upshot was that short term
benefits would not only be brought
within taxation from April, 1982,
onwards, but that sickness, unemploy-
ment, and invalidity benefits would
be taxed more heavily. The increase
by 5 per cent less than would fully
reflect forecast price movements: in
other words a 5 per cent cut in real
terms. The timing of this cut would
depend on new legislation; full
details are to be announced today.

In addition the entitlement of the
unemployed to earnings-related sup-
plement is to be altered from next
January, so as to reduce the propor-
tion of earnings reflected in the
benefit.

Since this has been paid for in
advance by National Insurance con-
tributions the Government has to
tread carefully, but the Chancellor
proposes to withdraw ERS in 1982
and thereafter pay short-term ben-
efits on a flat rate basis.

Strikers' benefits to be reduced

Nor was this all. Sir Geoffrey
pleased his Conservative back-
benchers by confirming that the Gov-
ernment would introduce legislation
to reduce supplementary benefits
paid to strikers' families. The strikers
would be "deemed" to have received
union strike pay of £12 a week,
whether they did or not.

It was this package of reductions
that prompted Mr Callaghan to
exclaim in his reply that the Tories
were acting like "a classical
nineteenth-century Liberal govern-
ment" and that they wanted to
reduce the welfare state to "the



Photograph by Bill Warhurst

Keeping a tight hold: Sir
Geoffrey and Lady Howe with
their Jack Russell terrier Budget
in St James's Park yesterday
morning.

nineteenth-century board of
guardians".

But there was one other
de-indexation from inflation which
did not please many Conservatives.

In its way this meant that the
November by only 75p to £4.75 a
child. The Chancellor resisted the
many representations to increase it
in line with inflation, which would
have meant a rise to £5.20.

When the Chancellor came to his
tax raising measures there was less
displeasure, partly because he
raised the popular items less than
had been widely forecast. Thus from
midnight 2p was put on the pint of
beer; 8p on a bottle of wine and
50p on a bottle of whisky; and 5p
on a pack of 20 cigarettes.

Less welcome to MPs was an
increase in vehicle excise tax for
cars up to £60 a year, with propor-
tionate increases for heavy vehicles.
Petrol went up 10p a gallon from
6 pm last night.

Treasury predicts a severe recession

By David Blake
Economics Editor

The Chancellor's measures
will increase total taxation by
£235m this year and the public
spending measures announced
at the same time mean a cut in
spending of at least £1,275m.

Taken together, the measures
will cut the Government's
likely deficit this year by some-
thing of the order of £1,500m,
bringing the Public Sector
Borrowing Requirement down to
£8,500m in the current
financial year.

At the same time as announc-
ing these changes for the cur-
rent financial year, the Govern-
ment announced its intention of
cutting the Public Sector Bor-
rowing Requirement over the
coming years to around £2,500m
by 1984 as part of a plan to
get the growth in money supply
down to around 6 per cent a
year by that time.

The Treasury is now forecast-
ing an even more severe recession
this year than it predicted in
November. Output is ex-
pected to fall by 2½ per cent,
the most severe drop since the
war. No forecast of unemploy-
ment has been published, but
it is expected to rise sharply.

Inflation is expected to stay
high this year, running at
around 16½ per cent in the
period to the fourth quarter of
1980 before coming down to 13½
per cent by the second quarter
of next year.

Output is expected to fall
slightly in the first half of 1981,
leading to a further rise in un-
employment. In spite of this,
however, payments are ex-
pected to be heavily in deficit
in the first half of next year,
with a £1,000m deficit com-
pared to a £1,250m deficit in
the second half of this year and
a £1,500m deficit in the current
six.

This picture of rapid infla-
tion and payments deficit lies
behind the Government's deter-
mination to pursue a tight fiscal
policy. In addition, they hope
that cutting back public bor-
rowing will lead to a drop in
interest rates as the year pro-
gresses.

At the centre of the Govern-
ment's plans for reducing in-
flation is a determination to
reduce the growth in the money
supply.

The existing money supply
target allowing 7 to 11 per cent
growth a year has been ex-
tended to April 1981, but this
represents a tightening in real
terms. This is because the
Government has decided to
Continue on page 2, col 3

Senator Kennedy in the running again

By unexpectedly easy victories
over President Carter in the
New York and Connecticut pri-
maries, Senator Kennedy has
suddenly come back into the
running for the Democratic
nomination. Although Mr
Carter still has a strong lead,
the senator's camp have been
given renewed hope and the
scent of possible victory. Every-
thing now depends on whether

the New York result signals a
national slump in the Presi-
dent's popularity. An opinion
poll, published this week, sug-
gests that Mr Carter's public
image is at its lowest point
since October, thanks to infla-
tion, vacillations in Middle
East policy, and continued
detention of the Tehran host-
ages. A test will come in the
Wisconsin and Kansas primaries
next week. Page 8

EEC farm price dilemma ended

Four Italian Communists res-
cued the European Parliament
from its dilemma over what
line to take on farm prices.
Proposals put forward had
ranged from calling for an
average cut of 1 per cent to
an increase of 15 per cent. The
Communist compromise which
was adopted mentioned no
figure at all. Page 8

Former 'Times' writer dies

Mr George Hutchinson, the
political journalist and author,
has died, aged 59, at St Mary's
Hospital, Paddington, London.
Three days after writing his
obituary notice, The obituary
published on page 18 is not
that written by Mr Hutchinson.
He was deputy editor of The
Spectator and previously he
contributed to The Times and
The Daily Telegraph. Page 18

Steel pay report early next week

Lord Lever of Manchester, a
minister in the last Labour
Government, will be chairman
of the committee of inquiry into
the steel pay dispute. Its report
is expected early next week.
Page 4

Cuban suspect in church murder

American officials have indi-
cated that a right-wing Cuban
exile may have been the assas-
sin of Mr Oscar Romero, the
Roman Catholic Archbishop of
San Salvador. This view is
shared by El Salvador church
sources. Page 10

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John Lane
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don premiere this week
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Mr Roland Barthes, Mr Walter
Susskind, Mr George Hutchinson,
Miss Marjory Byde
Business News, Pages 19-26
Stock markets: Equities took a
fairly optimistic outlook ahead of
the Budget with gains throughout
the list. The FT index closed 4.3
up at 435.1
Financial Editor: How the City
reacted to the Budget

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Mr Callaghan says measures are hopeless and mean

By Hugh Noyes
Parliamentary Correspondent
Westminster

Mr James Callaghan, in the instant reaction
to the Budget expected of Opposition leaders,
concluded that the Chancellor's strategy was
the most hopeless since the war and that in the
social groups he had chosen for rewards and
benefits it was the meanest since 1931.

Sparing little time for the customary
courtesies on the Chancellor's presentation, the
Labour leader laid the basis of the attack that
will be launched over the next few days by
shadow ministers.

The Budget theme, he told the House, was
that Britain was heading for three years of
austerity and industrial decline on the basis of
a stagnant economy, combined with a shift of
burden from the healthy to the sick and from the
rich to the poor. Yes, Mr Callaghan said, it was
a consolidation Budget but a consolidation of
failure.

The Chancellor, he claimed, was turning the
twentieth-century welfare state into the nine-
teenth-century board of guardians. The Budget
included nothing that would help exporters or
young people, nothing to reduce the highest
rates of interest that this country had ever
experienced and nothing that would help the
growth of output.

Mr Callaghan recalled once having written a
letter to The Times in which he had said that
there were only two kinds of Chancellor since
the war: those who left the office in disgrace
and those who got out in time. He did not pre-
dict the outcome for Sir Geoffrey but added
that the House and the country had listened to the
most depressing and pessimistic account of the
nation's position within memory.

If North Sea oil was excluded, the Chancellor
was budgeting for a fall in the growth of output
in every single year up to 1984. The figures pre-
sented to the House, the Opposition leader
estimated, showed a range for the inflation rate
for next year between 14 and 19 per cent. Mr
Callaghan described the proposal for reducing
benefits to strikers as a recipe for social tension
while on child benefits the Chancellor had been
about as mean as it was possible to be.

Mr Callaghan said that in the present situation
it was vital that the Government gained the
cooperation of the trade union movement. The
Chancellor should swallow his pride and call the
unions in for discussion to avoid yet another 12
months similar to the past 12. Sir Geoffrey, Mr
Callaghan said, was now telling the House that
he intended to preside during the next three
years over an economy in which there was a
combination of stagnation, high unemployment,
inflation and a deteriorating balance of
payments.

Chancellor is taking Britain back to the thirties, Mr Murray declares

By Donald MacIntyre
Labour Reporter

Senior union leaders last
night swiftly condemned the
Budget which Mr Len Murray,
general secretary of the TUC,
declared would take Britain
"back to the thirties with a
vengeance".

They singled out the impact
on social security benefits, in-
cluding those for strikers' fam-
ilies, prescription charges, and
what they saw as the
gloomy effect on jobs. They
gave little hope to ministers
that more powerful groups will
moderate wage demands.

Mr Murray said: "The
Chancellor's new monetarist
clothes cannot disguise his old-
fashioned deflationary policies
which are leading to the
return of mass unemployment".
The Budget deliberately dis-
criminated against families and
the unemployed.

NHS: Prescriptions charge to be £1 from December

By Annabel Ferriman
Health Services Correspondent

Patients are to make an increasing contribution to the cost of the National Health Service, Mr. Patrick Jenkin, Secretary of State for Social Services, said yesterday.

The rise in prescription charges from 70p in April to £1 in December would have the beneficial effect of relieving pressure on doctors to prescribe drugs for every patient, he said.

He announced that expenditure on the National Health Service was to grow by 0.5 per cent in real terms next year and by 1.7 per cent for the two following years.

Prescription charges, which will have risen by 500 per cent over a 17-month period by next December, will be maintained at the new level in real terms. They will raise an extra £3m in 1980-81 and another £30m a year in 1981-82.

Dental charges will have to be paid from April 1, 1981, by young people between 16 and 21 who have left school, yielding £9m a year in England from 1981-82. At present those under 21 are exempt.

A charge of £2 for a sight test in the general ophthalmic service from the same date, except for children under 16, will raise another £11m.

Mr. Jenkin said the new charges would make up an increasing proportion of National Health Service expenditure. In the current year they will produce £138m, which represents 2.1 per cent of gross spending.

By 1983-84, they will produce £31m, which will be 4.4 per cent of gross spending.

He said that abuses of the NHS by foreign visitors would be reduced and the Government was reviewing generally the provision of health services for visitors, excluding those covered

by reciprocal health arrangements.

Incomes from pay beds, now running at about £40m a year, and from local fund-raising activities, would also be available for health authorities.

Other measures to offset the cost of the service were to be considered, such as the possibility of recovering a greater proportion of the cost to the NHS of treating road traffic accident casualties.

He said that cash limits provided for a 14 per cent increase in prices between 1979-80 and 1980-81 and in earnings from due settlement dates. Allowance had been made for the increase in the cost of the NHS of treating road traffic accident casualties.

He said that cash limits provided for a 14 per cent increase in prices between 1979-80 and 1980-81 and in earnings from due settlement dates. Allowance had been made for the increase in the cost of the NHS of treating road traffic accident casualties.

There is little scope for redistribution this year but we have decided that the best-off regions, as defined in terms of the report of the Resources Allocation Working Party, should receive an increase of 0.5 per cent, so that the worst-off regions could receive increases up to twice as big—0.6 per cent.

The allocations give the north west Thames region 0.2 per cent and the maximum 0.6 per cent growth will go to four regions: Trent, North-Western, Northern and East Anglia. The increases for the East Anglian and Oxford regions recognize, in some small measure, their special population problems.

Museums: Grants part of 1.8% increase for arts

By Kenneth Gosling,
Arts Reporter

Grants to the leading museums and galleries are included in an overall arts grant figure of £163.2m for 1980-81, against £138.24m last year, an increase of 18.1 per cent. The figure includes the £70m for the Arts Council already announced.

The National Heritage Fund is to receive £6.2m for 1980-81 and there will be a figure of £1.1m for the acceptance in lieu procedure, the arrangement formerly under the control of the Treasury by which objects are accepted in lieu of capital transfer tax on estates.

Mr. Norman St. John-Stevens, Chancellor of the Duchy of Lancaster and Minister for the Arts, said the provisions affect-

ing charities were very important from the point of view of legacies and bequests; and another move representing the fulfilment of another election pledge was the exemption from tax for assets placed in a maintenance fund for buildings, a great help for the heritage.

At our request the deed of covenant period was reduced from seven to four years, helping people who do not want to be tied down for the longer period, a source that we will tap.

Other grants announced yesterday, with last year's figures in parentheses, are: British Museum, £9.321m (£7.887m); Science Museum, £5.488m (£4.553m); Victoria & Albert, £8.184m (£6.994m); National Gallery, £5.336m (£4.487m).

Welfare: 'Not enough protection for elderly'

By Pat Healy
Social Services Correspondent

The Chancellor's decision to cut social security for the first time since the start of the welfare state was immediately branded as "anti-welfare". Although he said the poorest would be protected, pensioners' organizations stated that the 16.1 per cent increase on the pension would not be enough to protect the elderly from inflation.

His speech foreshadowed a new social security Bill to allow him to cut the increase in short-term benefits from November by 5 per cent below the level indicated by price rises. The new Bill is also expected to provide powers to cut supplementary benefit paid to strikers' families by at least £12 a week, and to limit earnings related supplement paid with short-term benefits next year before abolishing it in 1982.

But the social security budget will still rise by nearly 4 per cent over the next four years, largely because of inescapable commitments to growing numbers of pensioners.

The increase will add £3.85 a week for single pensioners, raising the payment to £27.15 a week. The pension for a married couple will rise by £6.15 a week to £43.45. The increases amount to 16.1 per cent, but do not include an amount for the shortfall of 1.7 per cent in the last increase, when Government estimates of likely increases in earnings proved wrong.

But child benefit is to be raised by 75p to £4.75 a week in November, less than the amount needed to compensate for inflation since the last increase in April, 1979. The families of the unemployed and sick will have their benefits increased by about £1.50 a week, less as a result of the lower increase for short-term benefits, which include sickness benefit, unemployment benefit and maternity allowances.

"Pensioners can draw cold comfort from the fact that they have been treated less harshly than families and the unemployed," the charity Age Concern said last night.

The increase in the age allowance for some pensioners and the reduction in the investment surcharge for a few would not compensate for the higher basic rate of tax which would affect more than one million people aged over 60.

Full details of the social security changes will be announced today. One-parent families are to have the premium they receive for a half child increased from £2.50 a week to £3, and the mobility allowance is to go up by £2.50 to £14.50 a week.

The family income supplement is to be broadened and a new fuel subsidy scheme for the poor introduced. The cut in the increase for short-term benefits will not affect supplementary benefits.

But it will apply to invalidity benefit, which replaces sickness benefit after the first six months. In addition, short-term benefits will be brought into the tax net for the first time.

The Child Poverty Action Group described the Budget last night as "brutal, unjust and a disaster". The child benefit increase would mean that a family with two children would be worse off in real terms by about 50p a week.

"We estimate two million children in working families living on the margins of poverty are going to be particularly hard hit," the group said. "The party of the family has performed a damaging U-turn on child benefits, turned its back on the family."

Mr. Malcolm Johnson, research secretary of the Personal Social Services Council, which is being axed in June, said last night that the White Paper and the Budget added strength to those who believed the Government was "anti-welfare".

Income tax: single person (earned)

| Income | Charge for 1979/80 | Percentage of total income taken in tax | Proposed charge for 1980/81 | Percentage of total income taken in tax | Reduction in tax after proposed changes |
|--------|--------------------|---|-----------------------------|---|---|
| £ | £ | per cent | £ | per cent | £ |
| 1,500 | 83 | 5.6 | 27 | 2.2 | 46 |
| 2,000 | 212 | 10.6 | 177 | 8.9 | 29 |
| 2,500 | 362 | 14.5 | 277 | 11.1 | 49 |
| 3,000 | 512 | 17.1 | 377 | 12.6 | 75 |
| 3,500 | 662 | 19.0 | 477 | 13.7 | 105 |
| 4,000 | 812 | 20.3 | 577 | 14.5 | 135 |
| 4,500 | 962 | 21.4 | 677 | 15.1 | 165 |
| 5,000 | 1,112 | 22.3 | 777 | 15.7 | 195 |
| 5,500 | 1,262 | 23.0 | 877 | 16.1 | 225 |
| 6,000 | 1,412 | 23.5 | 977 | 16.3 | 255 |
| 6,500 | 1,562 | 24.0 | 1,077 | 16.6 | 285 |
| 7,000 | 1,712 | 24.6 | 1,177 | 16.9 | 315 |
| 7,500 | 1,862 | 25.0 | 1,277 | 17.1 | 345 |
| 8,000 | 2,012 | 25.3 | 1,377 | 17.3 | 375 |
| 8,500 | 2,162 | 25.7 | 1,477 | 17.5 | 405 |
| 9,000 | 2,312 | 26.1 | 1,577 | 17.7 | 435 |
| 10,000 | 2,612 | 26.1 | 1,777 | 18.0 | 485 |
| 12,000 | 3,212 | 26.8 | 2,177 | 18.2 | 565 |
| 14,000 | 3,812 | 27.2 | 2,577 | 18.4 | 645 |
| 16,000 | 4,412 | 27.6 | 2,977 | 18.6 | 725 |
| 18,000 | 5,012 | 27.8 | 3,377 | 18.8 | 805 |
| 20,000 | 5,612 | 28.1 | 3,777 | 19.0 | 885 |
| 25,000 | 7,212 | 28.9 | 4,977 | 19.9 | 1,235 |
| 30,000 | 8,812 | 29.4 | 6,177 | 20.6 | 1,585 |

Married couples (earned)

| Income | Charge for 1979/80 | Percentage of total income taken in tax | Proposed charge for 1980/81 | Percentage of total income taken in tax | Reduction in tax after proposed changes |
|--------|--------------------|---|-----------------------------|---|---|
| £ | £ | per cent | £ | per cent | £ |
| 2,000 | 46 | 2.3 | 16 | 0.8 | 46 |
| 2,500 | 116 | 4.6 | 46 | 1.8 | 70 |
| 3,000 | 216 | 7.2 | 116 | 3.9 | 100 |
| 3,500 | 316 | 9.0 | 216 | 6.2 | 100 |
| 4,000 | 416 | 10.4 | 316 | 7.9 | 100 |
| 4,500 | 516 | 11.5 | 416 | 9.3 | 100 |
| 5,000 | 616 | 12.3 | 516 | 10.3 | 100 |
| 5,500 | 716 | 12.8 | 616 | 11.1 | 100 |
| 6,000 | 816 | 13.3 | 716 | 11.9 | 100 |
| 6,500 | 916 | 13.8 | 816 | 12.7 | 100 |
| 7,000 | 1,016 | 14.2 | 916 | 13.5 | 100 |
| 7,500 | 1,116 | 14.7 | 1,016 | 14.3 | 100 |
| 8,000 | 1,216 | 15.2 | 1,116 | 15.1 | 100 |
| 8,500 | 1,316 | 15.6 | 1,216 | 15.9 | 100 |
| 9,000 | 1,416 | 16.0 | 1,316 | 16.7 | 100 |
| 9,500 | 1,516 | 16.4 | 1,416 | 17.5 | 100 |
| 10,000 | 1,616 | 16.8 | 1,516 | 18.3 | 100 |
| 11,000 | 1,816 | 17.4 | 1,716 | 19.2 | 100 |
| 12,000 | 2,016 | 18.0 | 1,916 | 20.1 | 100 |
| 13,000 | 2,216 | 18.6 | 2,116 | 21.0 | 100 |
| 14,000 | 2,416 | 19.2 | 2,316 | 21.9 | 100 |
| 15,000 | 2,616 | 19.8 | 2,516 | 22.8 | 100 |
| 16,000 | 2,816 | 20.4 | 2,716 | 23.7 | 100 |
| 17,000 | 3,016 | 21.0 | 2,916 | 24.6 | 100 |
| 18,000 | 3,216 | 21.6 | 3,116 | 25.5 | 100 |
| 19,000 | 3,416 | 22.2 | 3,316 | 26.4 | 100 |
| 20,000 | 3,616 | 22.8 | 3,516 | 27.3 | 100 |
| 25,000 | 4,416 | 25.7 | 4,316 | 29.2 | 100 |
| 30,000 | 5,216 | 29.4 | 5,116 | 33.5 | 100 |

Elderly persons (earned)

| Income | Charge for 1979/80 | Percentage of total income taken in tax | Proposed charge for 1980/81 | Percentage of total income taken in tax | Reduction in tax after proposed changes |
|--------|--------------------|---|-----------------------------|---|---|
| £ | £ | per cent | £ | per cent | £ |
| 2,000 | 116 | 5.8 | 46 | 2.3 | 46 |
| 2,500 | 216 | 8.6 | 116 | 4.6 | 70 |
| 3,000 | 316 | 10.5 | 216 | 7.2 | 100 |
| 3,500 | 416 | 11.9 | 316 | 9.0 | 100 |
| 4,000 | 516 | 12.9 | 416 | 10.4 | 100 |
| 4,500 | 616 | 13.7 | 516 | 11.5 | 100 |
| 5,000 | 716 | 14.3 | 616 | 12.3 | 100 |
| 5,500 | 816 | 14.9 | 716 | 13.0 | 100 |
| 6,000 | 916 | 15.4 | 816 | 13.8 | 100 |
| 6,500 | 1,016 | 15.9 | 916 | 14.6 | 100 |
| 7,000 | 1,116 | 16.4 | 1,016 | 15.4 | 100 |
| 7,500 | 1,216 | 16.9 | 1,116 | 16.2 | 100 |
| 8,000 | 1,316 | 17.4 | 1,216 | 17.0 | 100 |
| 8,500 | 1,416 | 17.9 | 1,316 | 17.8 | 100 |
| 9,000 | 1,516 | 18.4 | 1,416 | 18.6 | 100 |
| 9,500 | 1,616 | 18.9 | 1,516 | 19.4 | 100 |
| 10,000 | 1,716 | 19.4 | 1,616 | 20.2 | 100 |
| 11,000 | 1,916 | 20.1 | 1,816 | 21.1 | 100 |
| 12,000 | 2,116 | 20.8 | 2,016 | 22.0 | 100 |
| 13,000 | 2,316 | 21.6 | 2,216 | 22.9 | 100 |
| 14,000 | 2,516 | 22.4 | 2,416 | 23.8 | 100 |
| 15,000 | 2,716 | 23.2 | 2,616 | 24.7 | 100 |
| 16,000 | 2,916 | 24.0 | 2,816 | 25.6 | 100 |
| 17,000 | 3,116 | 24.8 | 3,016 | 26.5 | 100 |
| 18,000 | 3,316 | 25.6 | 3,216 | 27.4 | 100 |
| 19,000 | 3,516 | 26.4 | 3,416 | 28.3 | 100 |
| 20,000 | 3,716 | 27.2 | 3,616 | 29.2 | 100 |

Town halls: expenditure limits will mean staff cuts

By Christopher Warman
Local Government Correspondent

Local authorities face cuts in staffing and in services if they are to achieve the Government's public expenditure targets in the next four years.

Councils have been required to make reductions in expenditure in 1980-81 of at least 5 per cent on 1979-80, their actual spending in 1978-79. The Government's expenditure plans for the future seek further reductions.

In 1981-82 local government current expenditure is expected to fall by 2 per cent, by one per cent in 1982-83 and by one per cent in 1983-84. As the Chancellor made clear, a priority is the reduction in local authority staff.

Mr. Ian Coutts, finance chairman of the Association of County Councils, said last night that local government would not be able to achieve the reductions in spending by money-saving schemes alone. "It means that we shall have to take some staff out of operational areas, and the number could be higher if pay settlements go beyond the cash limits this year."

He added that some services, such as police, were protected from reductions. "Savings will therefore have to be greater elsewhere."

Mr. Coutts said that overall government expenditure savings were to be less than those asked of local government. "I wonder if central government is looking as closely at costs as local government?"

The capital expenditure fore-

casts in the public expenditure White Paper show a reduction of 5 per cent in 1981-82, 6 per cent in 1982-83 and 3 per cent in 1983-84.

The totals exclude housing, and there is no breakdown between services. Indeed, on capital expenditure, local authorities will be left to decide their own priorities within the overall cash limit if the provisions regarding this sector in the Local Government Planning and Land Bill become law.

The Government is waiting anxiously for the return of local authority expenditure for the present year, for the achievement of otherwise of the targets will have a crucial bearing on the future.

While it appears that most councils have made savings, though in accordance with government requirements, any shortfall will mean even more severe reductions.

The White Paper forecasts reductions in various environmental services. For the water services, it is envisaged that spending on capital programmes (current expenditure is financed by water charges) will be reduced from £801m in 1980-81 to £580m in 1983-84, concentrating spending on health needs, new industrial developments and new housing.

Local environmental services, including refuse, parks and recreation, administration services, coast protection and cemeteries and crematoria, will see a reduction in the same period from £2,041m to £1,870m. The urban programme will be largely unchanged.

At 1979 prices, overall spending is forecast to decline by more than 60 per cent, from £7,154m in 1974-75 to £2,790m in 1983-84.

Details are not available beyond the next financial year, but those show that by far the greatest burden of cuts will fall on local authority capital expenditure, which is put at only £1,916m in 1980-81, compared with £2,463m in the current year and £4,461m in 1974-75.

Housing: Burden of cuts to fall on councils

By John Young
Planning Reporter

The White Paper estimates of future housing expenditure show a dramatic fall, which is certain to provoke outcry in many quarters. Shelter last night described them as "the worst that anything we had feared".

At 1979 prices, overall spending is forecast to decline by more than 60 per cent, from £7,154m in 1974-75 to £2,790m in 1983-84.

Details are not available beyond the next financial year, but those show that by far the greatest burden of cuts will fall on local authority capital expenditure, which is put at only £1,916m in 1980-81, compared with £2,463m in the current year and £4,461m in 1974-75.

New town and Housing Corporation expenditure will also be cut in the coming year, from £1,970m to £1,730m and from £414m to £373m respectively. Current expenditure, in contrast, is expected to show only a slight drop, the decrease in general subsidies being largely matched by an increase in rent rebates and allowances.

The Government will undoubtedly claim that the reductions in capital expenditure reflect reality, in that there is a deficiency or surplus of local authority accommodation. In the case of EEC quotas, and that a number of authorities have consistently underspent on their allocations.

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Education: 9% cut in spending over 5 years

By Diana Goddes
Education Correspondent

Expenditure on education in Great Britain is to be cut by £200m, or about 9 per cent, over the five years between 1979-80 and 1983-84, the White Paper showed yesterday.

Those figures include an assumed saving of £300m on school meals, milk and school transport, of which about £30m was to have been for transport. The White Paper went to print before the decision not to allow local authorities to charge fees to pupils living over the statutory walking distance.

The implications of that decision would be considered by the Government in its next expenditure survey, Mr. Mark Carleton, QC, Secretary of State for Education and Science, said.

Current expenditure on primary and secondary schools is planned to fall by £270m, or 51 per cent, but pupil numbers will drop by 13 per cent over the same period. Expenditure per pupil will increase to make some allowance for falling rolls and smaller schools.

It is planned that the number of teachers in Britain should fall from 527,000 in 1978-79 to 460,000 in 1983-84, a drop of 67,000, or 12.7 per cent. That is almost equal to the fall in pupil numbers over the same period.

The White Paper nevertheless claims that 40,000 teachers have been designed to safeguard the curriculum as schools, on average, become smaller and to allow for problems of deployment.

The pupil-teacher ratio is expected to improve from 18.3 to 18.6 over the period.

In-service training for serving teachers, and induction schemes for new teachers are to be maintained at the current level. Schemes for training and re-training teachers in certain subjects, such as mathematics and science, are to be extended to 1982-83.

A small allowance has been made for an improvement in the spending on books, equipment and materials in England and Wales. It is planned that an extra £35m will be spent on non-teaching costs in the years up to 1982-83.

Expenditure on under-five is planned to fall from September 1981, by about 5 per cent. Capital expenditure forecasts provide for a small nursery building programme each year to allow for the conversion of surplus primary school accommodation for nursery use.

Expenditure on schools assumes that 750,000 surplus school places will be taken out of use in England and Wales by 1982-83. The Government plans for an increase in the school building improvement programme in each year from 1981-82 to 1983-84 of nearly half over the £12m already announced for 1980-81.

Transport: Rise in cost living is 1 news for railways

Bally correspondent in motor costs petrol and vehicle as will be of sub- to British Rail in passenger traffic and

er cent fare rise of s had surprisingly on passenger gely, British Rail ause of the recent in petrol prices. oved possibility of es again in the igh-unpopular with and the Govern- give the Railways room for manoeuvre negotiations with in which the board ive rises of up to 20 return for genuine us in productivity. ht carryings will be y the extra duty el, and the higher on lorries, especi- accelerated increase ayest lorries which those in most direct with rail. e rise in fuel and s will obviously not y road transport will argue that it used on to industry before fuel infla- onest response will e that it could have e. The rises are est compared with increases, for ex- ages and new vehicle hauliers have been urn to level duties and diesel fuel helps industry, which has

been arguing forcibly that the 5p a gallon higher rate on Derv since 1977 discriminates in favour of private against public transport, contrary to what is now generally agreed to be the public interest.

Thus, though the higher duty on Derv will add modestly to bus operating costs, the higher petrol and car licence duties to help win the buses more passengers.

British Rail also emerges well from the public expenditure White Paper which imposes a further cut of only £15m on their public sector support up to 1982-83, after last November's cut of £22m to this year's level of £460m. Rail investment will not be cut.

Out of total cuts in transport and roads expenditure from £2,350m this year to £2,207m next year and £2,200m in 1982-83, roads also emerge relatively unscathed after the savaging of the last decade. Investment in motorways and trunk roads will remain steady at just under £300m over the next three years, which is about what was spent for each of last two years.

Priority will continue to be given to the M25 London orbital motorway, industrial routes to the ports, and by-passes round traffic-afflicted villages and towns, the Department of Transport said last night. Trunk road maintenance will stay at around £30m a year. The main burden of the cuts will fall on local authorities which with local road-building and maintenance, support for public transport, and administration, account for about half central government's transport spending.

Snubbing: Bingo and nos pay more

Berlins thod of calculating le by casinos, based le value of the is to be abolished. ty is to be calculated gaming yield—the between money gamblers and their

ion to a nominal pay- 50, a casino will pay at duty on the first ross gaming yield, 5 n the next £500,000 cent on the next, and 20 per cent on ider.

ew formula, which effect on October 1, ally yield, at present 15m duty a year, the latest annual out 15m. Because of e to collecting in is not expected that

the full effect of the change will be felt before 1981-82.

It is estimated that overall the new formula could reduce casino profitability by 22 per cent.

The duty on bingo, which is deducted from the stakes before the winnings are distributed, is to be increased from 5 per cent to 7½ per cent. That is expected to increase annual revenue by £10m to £30m.

The restructuring of the licence duty on gaming machines is not expected to yield more than £1m over the latest figure of £11m.

In future machines taking 10p coins will be subject to a licence duty of £300 each. Duty on amusement arcade "penny-machines" is to be abolished. Machines taking 2p and 5p coins will continue to attract duty at the existing rates.

Unpaid: Hidden snags e some worse off

Young Affairs

ident ire hidden snags in the re the most needy con- sider the increases in ties and indirect-tax- ick hit the poor dis- tantly.

olition of the lower income tax will leave the lowly paid worse they were last year. personal allowances in raised by no more ssary to offset infla-

sult for those with in- the tax margin is that ages increase this year with inflation they will ing tax at 30 per cent f 25 per cent. The rily the de-indexation of rm benefits hurts the recipients most.

The Consumers' Association was pleased that the Chancellor had gone some way to tax Derv less heavily than petrol. It has pressed for some time for Derv to be shown such preference on the grounds that it is more efficient.

when administrative difficulties can be overcome. In the meantime the 5 per cent is lost even to those whose income levels are so low that they would not pay the tax when it is introduced.

The National Consumer Council drew attention to these anomalies, while also regretting the increase in excise duties on petrol, tobacco and drinks.

"We do not think it is right to increase these duties at the present time," Mr Maurice Healy of the NCC said. "The Government is piling inflation on inflation, which will only encourage huge wage claims and a further twist in the spiral."

Both the National Consumer Council and Consumers' Association welcomed the rise in the threshold for stamp duty.

The Consumers' Association was pleased that the Chancellor had gone some way to tax Derv less heavily than petrol. It has pressed for some time for Derv to be shown such preference on the grounds that it is more efficient.

Historic houses: nge in fund s welcomed

Young Reporter

rs of historic houses ain to give a warm wel- to the indication of s in the rules governing ance funds.

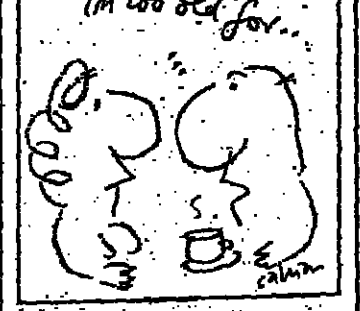
resent funds covenanted aintenance are exempt ax but are irrevocable. means that they cannot d for any other purpose nder the so-called Per- s Rule must pass to after 80 years.

ers maintain that that hem in an impossible n, in that the only way an claim that he was y money to the upkeep erty which they may not e able to afford to

ough details have yet to ublished, the Treasury last night that with- from maintenance will in future be per- subject to the full tax pon being paid. It is also ed that the scope of such will be extended to the contents of houses, as and land of historic, or scientific interest.

umander Michael Saunders n, vice-president of the ic Houses Association, last night that he was y encouraged and that the changes were "a major ward."

The only pleasures left are the ones I'm too old for.



Scottish TUC predicts rise in unemployment

Scotland's reliance on nationalised industries and on public spending means that the Budget proposals could add 40,000 to the number unemployed, the Scottish Trades Union Congress said yesterday. The consequences for the construction industry would be horrifying.

The Scotch Whisky Association was disturbed that the discrimination between whisky and beer or wine had been widened.

The extra cost of petrol would be felt most severely in rural areas, the Scottish Motor Trade Association said. The Scottish Development Agency said Clydebank would be a suitable area as one of the proposed enterprise zones.

HOME NEWS



Mrs Lillie O'Reilly holding her daughter Bronagh yesterday after leaving the besieged house in Dundalk.

Armed man in siege house surrenders to police

From Christopher Thomas Belfast

A man armed with a hand grenade gave himself up to police yesterday after a 26-hour siege at a semi-detached house in the Irish border town of Dundalk, Co. Louth.

Bernard McGinn, aged 22, jumped bail at the end of his trial on an explosives charge in the Special Criminal Court in Dublin last November. He was sentenced in his absence to 10 years' imprisonment.

Heavily armed police and troops surrounded him at lunchtime on Tuesday. He was

in the house with a cousin, Mrs Lillie O'Reilly, and her husband, Michael, and her daughter, Bronagh, aged two.

Just after 1 pm yesterday Mrs O'Reilly and her daughter left the house. Earlier the local priest, Father Sean McCann, had talked twice to Mr McGinn.

The end came peacefully at 4.40 pm after the hand grenade was passed out to police. Mr McGinn was taken to Bridewell police station, Dublin. His father and mother were taken to the siege house from their home in Castle Blagney.

Three are questioned over bullion

By Stewart Tindler Crime Reporter

The three men in charge of the silver bullion, worth nearly £4m, that was stolen on Monday were still being questioned yesterday by officers from Scotland Yard's central robbery squad. The men are the driver of the bullion lorry, a shipping agent and a security guard.

As the police investigation continued, led by Det Supt David Little, Scotland Yard issued Photofit pictures of a man thought to have been involved in the robbery. A gang of between six and eight men may have been involved in the removal of the 10 tons of silver, which was destined for East Germany.

The East German Government confirmed yesterday that the silver was fully insured. It is not unusual for east European countries to move bullion in and out of London to take advantage of market movements.

Inmate at fire hostel charged with murder

By Our Crime Reporter

Miss Peggy Chiswell, aged 66, an inmate of the north London hostel where nine women died in a fire last week, was charged yesterday with the murder of one of the women who died in the fire.

Miss Chiswell, a casual catering worker, is to appear at Willesden Magistrate's court today charged with the murder of Miss Anne Turner, aged 44. The hostel is run by nuns from the Missionaries of Charity, led by Mother Teresa of Calcutta. Twenty-one women were living there at the time of the fire.

Earth tremor is felt in border areas

North Cumbria and some areas of southern Scotland were affected by an earth tremor early yesterday. The Institute of Geological Sciences in Edinburgh estimated the strength at about two on the Richter Scale. Mr Graham Neilson, a seismologist, said that although the tremor was not as great as that which was felt in the area last Boxing Day, it was similar to the "after tremor" on New Year's Day.

Liverpool rates soar by 50%

Liverpool City Council last night decided to raise its domestic rate by 50 per cent to 124p in the pound, with no cuts in services or redundancies. The general rate is to go up by 42 per cent to 143p. The figures were proposed by the Labour Party, which holds a minority control, and opposed by both Liberals and Conservatives.

£16,000 wages haul

A gang of four got away with £16,000 in a daylight wages snatch yesterday at the North Midlands Construction Company, in Portland Street, Daybrook, Nottingham.

No more Ulster terrorists to get special status after April 1

From Our Own Correspondent Belfast

No convicted terrorists will be entitled to special category status after April 1, Mr Humphrey Atkins, Secretary of State for Northern Ireland, announced yesterday. Terrorists have been entitled to special status if their offences were committed before March 1, 1976. Prisoners who already had special status would retain it he said.

Mr Atkins coupled the announcement with humanitarian concessions to prisoners in the "dirty protest" at the Maze prison, near Belfast, who are refusing to wash, wear prison clothing, or do prison work, and smear their cells with excrement.

He made no mention of his recent meeting with the Roman Catholic Primate of Ireland,

Cardinal Tomas O'Fiaich, on the protest, but there is little doubt that the talks influenced his decision on concessions.

On March 1, 1976, when it was decided to end special status for offences committed after that date, there were more than 1,500 special category prisoners. There are now 443, including four women. Mr Atkins said the number of prisoners taking part in the "bizarre" dirty protest had remained at between 350 and 360 in the past year.

In the past few weeks some women prisoners at Armagh jail had intensified their protest by refusing to wash, he said. There was also some dirtying of cells. He denied that the women were forced into a protest by being refused access to lavatories.

"I emphasise that there will be no concessions on the fundamental issue of special category status", Mr Atkins said.

nity for contacts with families and friends the disciplinary awards made against them would be adjusted to enable them to have a "privilege" visit each month as well as a statutory visit.

The governor would consider any applications from individuals for further visits. In addition the prisoners would be permitted to write and receive a letter a week.

The Maze protesters had refused to take daily exercise. As soon as practical arrangements could be made they would be permitted and encouraged to take daily exercise in regulation short-sleeved vests, shorts and blouses.

"I emphasise that there will be no concessions on the fundamental issue of special category status", Mr Atkins said.

Call to allow British athletes to decide for themselves on the Olympics issue

By a Staff Reporter

The Prime Minister was urged yesterday to allow British athletes to decide for themselves "without pressure" whether to take part in the Olympic Games in Moscow in July.

Mr David Shaw, secretary of the British Amateur Athletic Board, said that the British Olympic Association's vote on Tuesday in favour of going to Moscow had "shown sport had a democratic right to make its own choice."

"The BOA decision has relieved the tension on the sportsmen in training," he said. "Time is now on their side. In the case of our track and field athletes, for instance, they can wait until June 22, the day before selection, before making their minds on the Afghanistan issue."

Geoffrey Capes, the leading British shot putter, saw the BOA decision as a "tremendous boost for sportsmen". The important thing was for the athletes to be allowed to get on with their training in

peace. "If there are some who eventually decide not to go," he said, "then that will be their own, independent decision. We must keep politics out of sport."

Capes, a Cambridgeshire policeman, could be affected by the Government's decision to restrict time off for those employed in Government work or the Services. "But I refuse to be worried by any of this," he said. "I am going to Moscow."

The four sports bodies which obtained on the main vote at Tuesday's BOA meeting announced yesterday their various intentions. The Amateur Fencing Association, who originally decided to support the Government, is to review its position at a committee meeting in London on April 9.

The Royal Yachting Association racing division is to hold a special meeting on April 3. The British Equestrian Federation has decided to wait to see what the other important equestrian nations, particularly

West Germany, the Netherlands, France and the United States, are proposing to do.

The British Swimming Federation will announce its decision on May 1, 10 days earlier than planned.

Both British television authorities seem certain to go ahead with their comprehensive coverage of the games now that Britain has decided to send a team. The BBC and independent television are committed to spending about £33m each on the venture. They have already paid out £500,000 between them.

Earlier statements to the effect that the Duke of Edinburgh would not attend the games are now said to be premature. He is unlikely to make up his mind until the equestrian authorities decide whether to go. The Duke is president of the International Equestrian Federation.

Manx view: The Isle of Man has weighed in with its support for the British and American-led boycott of the games.

Casino loses its gaming licence but may appeal

The Victoria Sporting Club, one of London's largest casinos, lost its gaming licence yesterday and a disqualification order was imposed on the premises, preventing its use by anyone as a casino for at least three years. It is to remain open pending a possible appeal.

The club, set up in 1964 by Judah Binstock, a fugitive financier, was sold in 1968 to a private company, Norwich Enterprises Ltd.

On December 8, 1978, it was raided by 200 police officers, assisted by Gaming Board inspectors. Four directors and managers have since been committed for trial at the Central Criminal Court on charges of fraud, theft and conspiracy.

Last October the casino was acquired by the Playboy Club in a £6m purchase of Norwich Enterprises, and had since then been run to the satisfaction of the authorities.

However, the police and the Gaming Board pursued their application to the North Westminster Licensing Magistrates for cancellation of the casino's licence because of the gravity of the previous misconduct.

The raid had disclosed "compelling evidence" that the management was milking the company to a phenomenal extent, it was stated. Huge sums of money had been extracted nightly from the cash boxes on the gaming tables and £1,030,000 of illegal IOU "markers" were found.

Costs of £9,500 were awarded to the police and £7,500 to the Gaming Board.

No stigma attaches directly to Playboy, which last year joined with the police and the Gaming Board in objecting successfully to three of Ladbroke's casino licences.

Couple die in fire

Mr George Denny, aged 76, a retired school teacher, and his wife, Dorothy, aged 65, died yesterday when fire swept through their house in Windermere Road, Kendal, Cumbria.

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HOME NEWS

Report of steel inquiry is expected next week

By Paul Routledge
Labour Editor

Union leaders of the national steel strike, now in its thirteenth week, expect the report of a committee of inquiry into their pay dispute early next week.

The three-man inquiry chaired by Lord Lever of Manchester, a minister in the last Labour Cabinet, will work through the weekend taking evidence in public before drawing up recommendations designed to bring the strike to a rapid conclusion.

The other members of the arbitration committee are Sir Richard Marsh, chairman of the British Iron and Steel Consumers' Council, who is the nominee of the British Steel Corporation, and Mr William Keys, general secretary of the Society of Graphical and Allied Trades, chosen by the steel unions.

Their terms of reference are confined to consideration of the unions' claim and BSC's offer. The unions are seeking pay rises of 15.7 per cent made up of 15 per cent on basic rates and 4.7 per cent guaranteed bonuses for local productivity deals.

The employers' "final offer" was for 10 per cent across the board, with 4.4 per cent productivity bonuses provided local agreements are negotiated by June 23.

British Steel has said it will be bound by the inquiry's findings; but there is division on that issue on the union side.

The craft union are willing to accept the recommendations. The process workers and blast-furnace men insist that such a decision can be taken only by their lay negotiators.



The three men on the steel dispute inquiry: Mr William Keys, Lord Lever of Manchester and Sir Richard Marsh.

If, as expected, the inquiry reports within a matter of days, negotiations on its recommendations will be resumed before Easter, and a date for a return to work could then be set.

Negotiators for the dominant Iron and Steel Trades Confederation and the National Union of Blast-furnace men are being asked for an early reply to London.

Lord Lever said after his appointment yesterday that the committee would meet as soon as possible.

He has pressed very strongly to speed up the timetable. We must be prepared to sit at any time from now on, during all the uncomfortable hours. I know both Sir Richard and Mr Keys well and I am confident

we shall have a good working relationship.

The first hearing will take place on Saturday morning in Riverbank House, Millbank, and the parties will be free to state their case for two days. The Advisory Conciliation and Arbitration Service is providing a secretariat for the inquiry.

Sir Richard Marsh, Secretary of State for Employment, declined government involvement in the investigation and directed the two sides to seek assistance from A.C.A.S.

Sir Richard said: "I am a great Harold Lever fan. I know Bill Keys well, too. I shall be surprised if three people of goodwill cannot do something about the situation. Pickets charged: Four steel pickets were charged yesterday after an incident on Tuesday night on an Ipswich picket line when a lorry's windscreen was smashed (the Press Association reports).

Suffolk police said the four had been charged with criminal damage and with being equipped to carry out criminal damage. They were being released on bail. The 12 pickets on the line at the West Bank Container Terminals were arrested after the incident. The other eight, held overnight, were released.

Development warning: The British Steel Corporation's capital development programme was under threat as a result of the steel strike. Mr John Pennington, managing director of BSC, Yorkshire and Humberside, said yesterday (Ronald Keekstra writes from Rotherham).

All projects, including two continuous casting installations costing £22m and a £4m rolling mill extension, were in danger of delay or even cancellation.

Dock strike prospects: The official strike of more than 7,000 Mersey dockers and waterfront ancillary workers over the handling of a cargo of steel may go on for another week (our Liverpool Correspondent writes). The next mass meeting of the men has been fixed for Wednesday.

He conceded, however, that some universities and some courses in which overseas students formed a high proportion of the total student enrolment might be more seriously affected. The University Grants Committee would have to consider what to do.

The Government hoped to achieve an annual saving of about £90m within three years by removing the subsidy to overseas students, he said, and £10m had been set aside to show for "eventualities" such as the bursary fund for outstanding overseas postgraduates or European Community students.

The universities' recurrent grant for 1980-81 and student grants for next year will be announced by the Government today.

He thought it better to invite speeches from the floor rather than have views expressed only from the platform.

He also referred to the possibility of regional demonstrations against the effects of government policies on particular industries or areas that had benefited from the support policies of the Labour Government.

Initiating the move for a conference, Mr Arthur Mostyn Evans, national organizer of the Transport and General Workers' Union, requested that every thing should be done to mobilize opposition to government policies.

He said his executive viewed with great concern the erosion of social benefits. It is felt that the Government's monetary policy was

Bail out in overseas student crisis suggested

By Diana Geddes
Education Correspondent

Institutions and higher education courses threatened by a big drop in the number of overseas students might be "bailed out". Mr Mark Carlisle, QC, Secretary of State for Education and Science, suggested yesterday. If they were deemed important enough to save, they would be allocated extra funds.

Giving evidence to the Commons Select Committee on Education, Science and Arts, Mr Carlisle said that the Government had not accepted forecasts of a big fall as a result of its decision to charge full-cost fees to overseas students enrolling on courses next September.

It was not yet possible to ascertain the effect of the increase, but the indications were encouraging. By mid-February applications to universities from overseas had fallen by only 10 per cent compared with the same time last year, and by 3 per cent compared with 1978. In the past three months, applications had increased.

Enrolments of overseas students in universities were 15 to 20 per cent above the quota set by the last government. Admissions would need to fall by more than 15 per cent before it would have any effect on university grants, since they covered only the number stipulated in the quota, he said.

He conceded, however, that some universities and some courses in which overseas students formed a high proportion of the total student enrolment might be more seriously affected. The University Grants Committee would have to consider what to do.

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Conference to expel Labour Party 'any'

By George Clark
Political Correspondent

A special Labour Party conference which, in Mr James Callaghan's words, will reflect the "outburst of anger" from Labour movement against the whole range of "reactionary" policies of the Government is to be organized as soon as possible.

That was decided by the party's national executive yesterday at the first meeting to be held in the new headquarters in Walworth Road, south London.

The full delegate conference will cost thousands of pounds because it will be necessary to go through the complete routine of appointing delegates, issuing entrance cards and providing for a card vote on the issues which will come up for approval.

Efforts are being made to hold the conference before Mr Callaghan and Mr Ronald Hayward, general secretary of the party, leave for a visit to China at the invitation of the Chinese Government from May 9 to May 25.

Difficulties are presented by earlier arrangements made for conferences of the Young Socialists and the women's section of the party; for rallies planned to support the TUC's "day of action"; and for another rally protesting against the deployment of nuclear weapons and cruise missiles in the United Kingdom.

Mr Callaghan said the conference would reflect the outburst of anger which he expected as a result of the Government's measures to be proposed in the Chancellor's Budget.

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TUC backs national stoppage on May 14

By Our Labour Editor

Trade union leaders finally admitted yesterday that they are seeking a national stoppage of work on May 14 against the Government's economic and labour law policies.

Asked if that was the unions' intentions, Mr Len Murray, general secretary of the TUC, replied: "Yes, it is. And what is wrong with that as a way of focusing discontent and expressing our objectives?"

It is almost certain there will be no trains or buses on that day. While a proposal from the National Union of Railwaymen for a formal instruction to mount a 24-hour general strike was not taken up by the TUC General Council yesterday, all the transport unions are to meet and coordinate their participation in the shutdown of industry and public services.

In a statement the general council said: "The purpose of the day of action is both to state the case for a new deal to give expression to, the growing

opposition to the Government's economic, social and industrial relations policies, and to set out the alternative policies for which the trade union movement is campaigning and seeking support."

The Labour Movement's alternative will be published next month, but in the meantime the general council has sent out a 10-point plan of campaign for the national stoppage to 112 affiliated unions and to all local trades councils.

Mr Murray predicted a "massive and united response" to the call, adding: "That means we hope public transport will not be running that day. We want all the people out that day. This is the traditional right of the British trade union movement."

Publication of all national and some provincial newspapers will be halted on the day of action by a walkout by members of the Society of Graphical and Allied Trades.

Industrial routes have priority, minister says

By Our Labour Staff

Mr Norman Fowler, Minister of Transport, will be publishing in the next six weeks a White Paper on the future-trunk road programme, which will give priority to government spending on strategic "industrial routes", he said yesterday.

Speaking at the British Ports Association's annual luncheon in London, he said that while there were environmental benefits in carrying goods to and from ports by rail, it was important to recognize the continuing importance of road transport.

"I regard one of the main priorities for spending on roads to be spending on industrial routes, particularly roads leading to ports."

Building workers canvassed over pay offer

By Our Labour Staff

Building workers are being circulated with the latest 17.3 per cent pay offer from the employers and will be asked what action they are prepared to take if the offer is not acceptable.

Mr George Henderson, national officer of the Transport and General Workers' Union, said last night that the offer from the National Federation of Building Trades Employers and the Federation of Civil Engineering Contractors was being sent out without recommendation and he was confident it would be rejected.

The union believes the offer is worse than an earlier one by the Federation of Master Builders.

Mini plant 'skin rash' strike ends

The strike which halted production of British Leyland Mini cars is over. Thirty trim shop workers at Longbridge, Birmingham, called off the stoppage yesterday after the management promised extra safety checks on material used for padding car roofs.

The men had blamed the material for causing a rash to one worker's hands, declaring it a health hazard, although the factory's medical officer assured them it was not.

Production resumed last night with the recall of 1,500 workers laid off by the strike.

which has cost output worth more than £4.5m at showroom prices.

The company said the disputed material would continue to be used but frequent quality checks would be made to ensure there was no danger.

Union leaders representing all BL production workers met yesterday to decide what action to take over the management's plan to impose its 5 per cent pay and productivity deal over their heads.

A vote of Jaguar workers at Coventry on Tuesday night came out two to one against

striking over the management plan. Day-shift workers voted by a small majority for an all-out stoppage from next Monday.

Shift stewards were reviewing the voting figures yesterday. In total they are expected to be against strike action.

Mr David Holloway, the Transport and General Workers' Union convenor, said the stewards had decided to leave the notice of intended strike action "one the table", to be activated at a later date if the BL management could not be moved on its pay package deal.

Widow died after being stuck in an armchair

A councillor is demanding an inquiry into the death of a widow aged 70 who had been wedged in a urine-soaked armchair for two weeks, unable to move.

Relatives say the chair was full of maggots and it took six ambulances to get Mrs Dorothy Blackshaw, who weighed 25 stones, to hospital, where she died 13 hours later.

Her family said they were extremely surprised that the Isle of Wight coroner has decided that an inquest was unnecessary. A post-mortem showed that Mrs Blackshaw died of natural causes, bronchial pneumonia and heart disease, aggravated by obesity.

Mr Ted Kimber, a Liberal councillor, said: "There has to be a thorough investigation. It is an outrage that a woman should die in these circumstances. Several questions need answers."

He said that Mrs Blackshaw's neighbours in Preston Close, Ryde, had been concerned about her for some months and had told local health officials and the county council social services about their fears.

Mr Roger Mazluis, a Conservative councillor, added: "I find it surprising that the authorities decided not to hold an inquest. There are very disturbing circumstances to this case."

The coroner's office refused to comment on the decision. And a county council official said: "We cannot discuss individual cases."

Mrs Blackshaw's niece, Mrs Elizabeth Cooper, said yesterday: "If I had left my dog in the condition my aunt was in I would have gone to prison."

"I am considering taking up the matter with Mr MP, but I think there should be an inquiry, if only to help other people who may be in a similar situation."

"I am not levelling the blame at any single person, but something should be done to help people with the social services, her doctor and other people, but they would not admit her to hospital."

"The RSPCA was called in eventually because she was not supposed to be sleeping after her badge properly. No one thought about her."

The social services refused to make any comment yesterday, saying they did not discuss individual cases.

Channel tunnel rabies threat assurance by BR

From Our Own Correspondent
Birmingham

Fears that rabid animals might enter Britain through a Channel tunnel and over the possibility of terrorist attacks were rejected yesterday by Mr Donald Head, British Rail's deputy project manager and planning officer for the tunnel rail link.

Certain measures would be taken, which he was unable to disclose, enabling him to say that rabies was not a danger to the project.

There had been talks with the Ministry of Defence about the possibility of terrorist attacks. "We are confident that the screening on the passenger side will give us as good, if not better, protection than the airlines have. We are more than satisfied, as is the ministry."

The industrial West Midlands would benefit from the tunnel more than passengers. Certainly at the outset, because passengers from the provinces would have to go through customs and passport controls at Brompton, west London. British Rail could not quote a better time from Birmingham to Paris than seven hours.

British Rail has suggested that it would carry about 5,500,000 tons of freight if the tunnel opens as planned at the end of this decade, increasing to eight million tons by the end of the century.

A single-track tunnel would have a daily capacity of 120 trains, 60 in each direction, although there would be fewer in the early years. The tunnel will be 31 miles long and will reach a maximum depth of 125ft below the seabed in mid-channel.

A Ministry of Defence flight safety team was investigating yesterday an incident in which a Jaguar aircraft pilot from RAF Coltishall, Norfolk, jettisoned both external fuel tanks over open country at Narborough, Norfolk.

At Coltishall it was stated that the pilot saw an engine fire warning light come on.

Prospect of first child gave transplant man courage to go through operation

By Nicholas Timmins

Britain's thirteenth heart transplant patient, Mr Paul Coffey, aged 23, told yesterday of a time earlier this year when he "cracked completely" at the prospect of dying in a few months from his heart condition.

Only 30 days after his transplant, Mr Coffey was bursting with life and looking forward to the birth of his first child.

Mr Coffey, a male nurse from Wolverhampton, who played football and squashed rackets before his illness, said it was in January, only six weeks after he first saw his doctor, that he was told he probably had only three months to live. Two weeks before, his wife Susan, also aged 23, had told him she was pregnant.

"The doctor's diagnosis came as a shock," Mr Coffey said at Papworth Hospital, Cambridge, where the transplant took place. "I cracked completely. I had one very bad night when I broke down completely. I cried openly, I just could not face it."

"But I got over that with some help from friends, and when the doctors said a transplant was on, there was no hesitation. I said 'yes' straight away." Mr Coffey said his illness happened so quickly it was "all like a nightmare."

"From just being short of breath and worn out at the end of the day it progressed over that time to a stage where I could not even sit in a chair beside my bed for more than half an hour without becoming exhausted."

Already he can go for walks in the morning and his wife, a sister at the psychiatric hospital, New Cross, in Wolverhampton, where Mr Coffey worked.

The prospect of a child helped him to decide about the operation, he said. "It was something I had to think about, waiting for it very happily, something to look forward to when this is all over. I am waiting for it very happily."

His day is filled with reading, drawing, jigsaws, walks. He spoke of his ward and undergoing tests.

"I am living day by day," he said. "But I am not afraid of the future and I know I am going to make it through. Each day is full of little milestones which mean so much."

Mr Coffey said his illness happened so quickly it was "all like a nightmare."

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Oil pollution curbs 'too costly'

By Michael Barry
Shipping Correspondent

Recent international measures against oil pollution at sea could involve disproportionate costs in energy, money, and manpower, terms, Mr Ralph Maybourne, operations chief of the 7.5 million-tonne BP tanker fleet, said yesterday.

The decision at the Inter-Governmental Maritime Consultative Organization last year to equip future tankers with separate tanks for oil and ballast, reducing capacity by a tenth, would cause the tanker fleet to lose several million tons of oil more a year and require several thousand more seamen to man the extra vessels.

In order to achieve an annual reduction of 600,000 tons of oil spilled into the oceans of the world, tanker capacity would be reduced by 10 per cent at an annual cost of hundreds of millions of pounds, Mr Maybourne said.

"There are differing views whether it is sensible to consume oil and other resources on this scale to eliminate a form and quantities of pollution which not only environmentalists believe to be damaging to the ocean."

Mr Maybourne criticized governments for trying to cure ills by making more and more regulations instead of enforcing those already in existence, notably through IMO, where activity tended to increase in response to tanker accidents.

"Legislation is of course the stock-in-trade of governments," he said. "They use it to reassure the general public that their interests are being protected, and sometimes of retribution (also popular with the public) and it is much easier to enact than enforce."

The tanker industry itself had a much better record of a whole series of safety measures that had been enforced promptly and responsibly.

Addressing the Royal Society of Arts on large tankers, their safety and their impact on the oceans of the world, Mr Maybourne predicted that attempts to prevent pollution by controlling shipping could lead to a progressive erosion of the traditional right to navigate at high seas without let or hindrance.

Two significant trends were the prospective increase in ships flying the flags of developing nations which "will not

have a beneficial standards, at least in the sense of being attempts by to protect their marine by unilateral measures."

"This argument, being developed (of always, very rarely the oil pollution mind, and pressure for greater control to be exercised now that the HSE and other bodies are attracting attention."

The aim could be achieved, Mr Maybourne said, by using existing and implementing measures, for example in the case of the HSE, by a move to smaller out of the question; not diminish the oil sea by oil (with virtual incidence in the passage of the HSE and other bodies are attracting attention."

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Continued on page 6, col 1

Health Service staff are expected to march through London today to protest about the recommendations of the Clegg comparability commissions, which they say will result in a cut in pay for most grades.

Hospital X-ray departments will close for all but emergencies as radiographers take part in the march. They are particularly angry about the recommendation that their working week be extended from 35 to 39 hours. They say any such increase will increase the risks from radiation.

Other groups expected to increase their hours under the report's recommendations are physiotherapists and speech therapists, who work 36 and 33 hours a week respectively.

Professor Hugh Clegg recommended average rises for those groups of 15.4 per cent, but based on a 37½-hour week.

The British Association of the Society of Radiographers, said that radiographers were disgruntled.

The National and Local Government Officers' Association, representing the largest number of the 37,000 paramedical staff in the health service, said: "Teachers of physiotherapy and occupational therapy will lose £416 a year, radiographers of the equivalent grade 1 level will lose £485 a year, and a speech therapist who wants to retain a 33-hour week will lose £297."

What Car?—APRIL '80

SAAB 900 Turbo. 3 and 5-door hatchback, simulated urban driving—20.3 mpg (13.9 litres per 100 km); constant speed driving 90 kph (56 mph)—41.2 mpg (6.9 litres per 100 km); constant speed driving 120 kph (75 mph)—32.5 mpg (8.7 litres per 100 km).

Parliament

The Parliament began the rest of voting on the report on Commission for changing the CAP to help markets and circumstances. There were 237 votes to the 98 paragraphs. The culture committee had ded an average increase of 10 per cent in farm prices, but the Commission thought that the average increase of 10 per cent was unacceptable. Members supported by the group calling for a freeze on milk, dairy products, and sugar were the first one to counted 7 to 74.

The amendment backed by the Democratic group and carried to delete a paragraph that any increase in prices had only a neglect on the cost of living not therefore a factor or inflation.

Starting the Commission for an average increase of 10 per cent in farm prices unit was carried.

After rejecting amendments which would have changed the wording of the agriculture committee call for an increase of at least 7.5 per cent in farm prices in various ways, including a reduction of the figure to 5 per cent, the Parliament passed a Communist amendment replacing the paragraph with one containing no reference to a percentage increase but instead set out three factors to be taken into account in fixing prices for the next year: the need to guarantee farmers a fair income; the need to assess the savings which could be achieved by measures to bring the markets back into equilibrium; and the need to contain the increase in expenditure within limits compatible with a government budget.

By complying with the criteria underlying the Commission proposals.

The voting machinery suffered a technical breakdown and halted on the crucial issue, vote by the ordinary means of standing and sitting, with no majorities announced.

The aircraft taking some British members home to the Commission was delayed to allow them to vote.

RSEAS

Protests blamed on Turkish political group aiming to bring down the Assad regime

at Fisk
ria, March 26

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who was also a
of the Syrian Deux-
reau, had failed to
reopen.

arch 11, crowds of
appeared to be
id began to smash
and clubs and several

surprisingly boasts
clubs, at least three of
re damaged. A travel
ho sold tickets for
the Soviet airline,
business burnt to the
and anti-Soviet senti-

ment was also vended on a
bookshop which used to sell
Russian literature.

Only the late arrival of
Syrian troops in the Rue Baron
prevented crowds from storm-
ing the regional office of
Syrian Arab Airlines.

A shopkeeper in the Rue
Baron said that most of the
teenagers were only 14 or 15
years old and he recognized
some of them as youths who
normally sell smuggled ciga-
rettes round the corner in Rue
Kouatli. He was told that each
had been paid five Syrian
pounds (about 75p) to demon-
strate on the streets.

It was an hour and a half
before troops from the local
barracks entered the city and
cleared the streets by firing
their rifles in the air.

At Aleppo University, how-
ever, large numbers of armed
men identifying themselves as
Muslim Brothers—one aca-
demic estimated that there
were more than a hundred of
them—broke into lecture halls,
shored out the windows and then
shorted the students to leave.

Some of the gunmen are
alleged to have been students
from the departments of math-
ematics and mechanical en-
gineering.

According to one student,
who later saw five of his
friends arrested (he has not
seen them since), the univer-
sity students wanted no part of
the demonstrations. "The only
people who protested on the
streets were high school stu-
dents."

It was then that the violence
got out of hand. Bullets fired
into the air by troops ricochet-
ted back into the streets,
and when fleeing students ran
towards a group of soldiers,
the troops—apparently mistak-
ing them for strikers—opened
fire at him.

Although Aleppo remained
quiet for two days, there was
more rioting on the Friday,
the Muslim Sabbath, outside
the mosque and not far from
the shuttered souk.

According to two accounts,
two preachers had suggested an
armed rally to test the loyalty
of Muslims should protest at Presi-
dent Assad's leadership.

In the bazaar, troops broke
the locks on some shops and
ordered their owners to
resume business, but young
men appeared on the streets
and ordered their closure. On

at least one occasion, a young
soldier was heard to advise a
shopkeeper to obey the closing
order.

The troops, who were later
joined by members of the
Syrian Special Forces security
unit, were then issued with
riot batons but already at least
60 people, including women,
had died.

Aleppo's local newspaper
shortly afterwards carried pho-
tographs of captured weapons,
including Soviet-manufactured
Kalashnikovs, rocket launchers
and American M16 rifles.

There is a widespread belief
in Aleppo that the M16s came
from Turkey and only five
days ago several Turks and
Jordanians were arrested in
Aleppo, allegedly carrying
forged Lebanese passports.

An Aleppo merchant was
only one of those who men-
tioned a Turkish connexion in
Aleppo's violence. "The Turks
have been interested in creat-
ing trouble here for years," he
said.

The people from the Tur-
kish Islamic National Salvation
Party have been sending in
weapons. They want Assad
overthrown and they know
that Syria wants the eventual
return of its old province of
Alexandretta."

The National Salvation Party
of Mr Necmettin Erbakan holds
few seats in the Turkish Parli-
ament but Mr Demirel's fragi-
le coalition government has
given it considerable political
power in Turkey.

Mr Erbakan's supporters
would not be averse to an Is-
lamic state in Syria and Mr
Erbakan himself would cer-
tainly oppose any Syrian
attempt to recover Alexan-
dretta (now Iskenderun) which
was ceded to Turkey by the
French in 1939.

Aleppo, a city of 800,000
people, contains a sizeable
Sunni Muslim majority with
minorities of Turks, Armenians,
Kurds and Christians.

It is a microcosm of Syria's
ethnic composition, and its
opposition to the Government's
economic price policy, its proxi-
mity to the Turkish border, its
historical jealousy of
Damascus—a city of infinitely
less charm than its northern
sister—and its growing distaste
for the ruling Alawite authori-
ties, make it a dangerous
storm centre for President
Assad.



President Carter's daughter Amy makes the acquaintance of a chimpanzee while visiting the circus with her Washington photography class.

California to vote on tax change

From Ivor Davis
Los Angeles, March 25

California is not due to go
to the polls until early in June,
but already the battle lines
have been drawn over a state
income tax initiative known as
Proposition Nine. Its author is
Mr Howard Jarvis, who success-
fully pushed through the 1978
property tax-cut Bill, Proposi-
tion Thirteen.

As he did in 1978, Mr Jarvis
Brown, the Governor of Califor-
nia, who has just returned
after several weeks' campaign-
ing for the Democratic presi-
dential nomination, has opposed
the controversial measure.

In a statement on television,
the Governor said that the 10
per cent of Californians who
earn more than \$40,000 (about
£19,000) a year would get more
than half of the savings under

the proposition, and that the
30 per cent earning less would
get "crumbs"—about 45 per
cent.

The feisty Mr Jarvis, aged 78,
immediately called the Govern-
or's reasoning "a bunch of
garbage" and took the oppor-
tunity to set at his presiden-
tial ambitions.

"I don't think Jerry has any
influence in Californian politics
at all," Mr Jarvis declared.

"Politically I think he's as dead
as a doornail."

In 1978 the Governor also
opposed Mr Jarvis's Proposition
Thirteen, calling it a fraud. But
when it was passed he agreed
to implement the voters' de-
cision. Mr Brown said last week
he would carry out the new
measure if voters approved it.

In spite of Mr Brown's evalua-
tion, experts in Sacramento
maintain that the measure
would help lower income fami-
lies. They say that a married
couple filing a joint return with
an adjusted annual income of

\$50,000 or more would have
their state taxes cut by 49.4
per cent, while a family with
an income of between \$10,000
and \$15,000 would get a 70.1
per cent tax cut.

The Governor has warned
voters that if Proposition Nine
is approved it will cause cut-
backs in government services
affecting higher education, the
elderly, the disabled and the
retarded.

Because of the way California
state income tax is structured
the Bill would mean an average
cut of 54 per cent in what resi-
dents would have to pay on
their adjusted annual income.

Businesses that do not pay cor-
porate taxes, called sole
proprietorships, and part-
nerships would receive the Jarvis
tax break since their income
is treated as personal income
and thereby covered under the
state's personal income tax
code.

This measure does not affect
federal income tax payments.

Some strikers heeding Mr Mugabe's appeal

From Nicholas Ashford
Salisbury, March 26

There was a mixed response
today to last night's broadcast
appeal by Mr Robert Mugabe,
the Prime Minister-designate, to
striking workers to end their
industrial action.

Eight hundred workers with
the Rhodesia Omnibus Company
in Bulawayo ended their strike
today after a compromise put
forward by Mr Kumbirai
Kangai, the Minister of Labour
and Social Affairs.

However, 15,380 workers at
the David Whitehead textile
plant at Gatooma continued
their stoppage. Employees at
several other plants remained
on strike.

The settlement in Bulawayo
came after talks between the
minister and a committee repre-
senting the bus workers. The
workers had demanded the re-
instatement of five colleagues
and the dismissal of two white
foremen. The compromise sug-
gested by Mr Kangai, and
accepted by the workers, pro-
vided for the reinstatement of
three of the five dismissed
workers and the transfer of one
of the two whites to the black
workers' wanted dismissed.

At Gatooma the strikers are
demanding to be paid for the
period they were on strike at
the beginning of this week.
They had agreed to go back to
work yesterday but walked out
again after the management
refused to pay them for the
hours lost as a result of their
earlier action.

Mr Mugabe's broadcast, in
which he also emphasised his
determination to stamp out law-
lessness and also to guarantee
pensions, has met with a mixed
reaction.

Europeans on the whole have
welcomed his determination to
prevent a repetition of last
weekend's violence in which
several whites were hurt. They
have also approved of his firm
line on the strikes.

However, some blacks are
increasingly questioning Mr
Mugabe's conciliatory line
which appears to them to be
designed more to reassure
whites than to give encourage-
ment to his black supporters.

It has been noted, for exam-
ple, that Mr Mugabe is using

the same industrial legislation
in an attempt to end the present
wave of strikes as was intro-
duced by the Rhodesian Front
government. While Mr Mugabe
has sympathized with the
aspirations of the lower paid
workers he has not yet given
any indication that he intends
to amend existing legislation.

Military mission: The Ministry
of Defence in London confirmed
last night that Major-General
F. W. Fursdon, director of the
ministry's Military Assistance
Organization, had flown to
Salisbury for further talks over
military assistance for the
future Zimbabwe armed forces
(Our Defence Correspondent
writes).

His visit follows the recent
visit to Southern Rhodesia by
Major-General Kenneth Perkins,
who is due to succeed General
Fursdon next month.

Mr Mugabe has asked for
British help in rebuilding the
country's defences after the
recent fighting, including the
training of former members of
the Patriotic Front who have
volunteered for a military
career.

A number of soldiers, mem-
bers of the Commonwealth
Monitoring Group, are still in
Rhodesia, engaged in training,
communications and liaison
work.

Labour congratulations: Elec-
tions in Rhodesia represented
a victory for the liberation
movements, the Labour Party
National Executive Council said
in a motion carried yesterday.

It warmly congratulated Mr
Robert Mugabe on the result
(Our Political Correspondent
writes).

The motion continued: "The
task of reconstruction in
Zimbabwe is enormous. The
initial grant of £7m towards
that reconstruction is to be
welcomed, as are the offers of
specialist advice and training.
However, far more will have to
be done to provide Zimbabwe
with the resources she so badly
needs."

Britain has a particular
responsibility and we urge the
government to make a further
contribution. In addition Britain
can play an important role in
mobilizing international aid,
particularly within the Euro-
pean Economic Community."

Yia police wed to not to kill

Correspondent
March 26

Charles Njonjo, the
Attorney General said
he had been authorized
to kill if threatened by
criminals.

Replying in Parliament
to a question on a
series of recent incidents in
alleged criminals have
at dead by police.

Njonjo said the number of
cases had increased since
death sentence was
used in 1974 for violent
as well as for murder,
there was a relative
when Kenya's rising
on was taken into

Njonjo said the police
stiffed in shooting crim-
inals tried to resist arrest.
criminals would not hesi-
tate to shoot any policeman who
saw them.

ion delayed

Hague, March 26—
elections due in the
Dutch colony of Suri-
morrow have been post-
poned until October next year,
country's Prime Minister
said last night.

Chad ceasefire ends with dawn gunfire

Ndjamena, March 26—Heavy
artillery fire broke out at dawn
today and automatic fire could
be heard in different parts of
the Chad capital, despite a
ceasefire agreed by rival fac-
tions last night.

Throughout the night, troops
backing Mr Hissene Habre, the
Defence Minister, against Presi-
dent Goukouni Weddeye's
Popular Armed Forces (FAP)
appeared to have respected the
ceasefire.

But observers pointed out
that fighting had slackened dur-
ing previous nights and only
resumed with intensity at first
light.

Two mortar bombs early to-
day were fired at the Presi-
dent's residence, apparently
from positions held by Mr
Habre's Northern Armed
Forces (FAN). Last night,
despite the ceasefire, a sector
of the capital was still under
cannon fire from the southern
forces of Mr Wadal Abdelhader
Kamougue, the Vice-President,
and aimed at positions held by
Mr Habre's forces.

A ceasefire commission was
due to meet again early today
at the Cathedral. It consists
of a FAN and FAP delegation
in the presence of the ambas-
sadors of France and Egypt, the
charge d'Affaires of Saudi

Arabia, French officers and
Ndjamena's Moslem leader,
Imam Ibrahim Moussa.

In Khartoum, it is reported
that Chad's Sudanese commu-
nity secretary had appealed to
Sudanese authorities to rescue
its nationals from the embattled
city.—Agence France-Presse.

Douala, Cameroon, March 26.
—French paratroops and
marines took advantage of the
uneasy truce to rescue foreign
residents still trapped in their
homes in Ndjamena.

Another 189 foreigners
reached Cameroon on Tuesday,
bringing the total of those who
have escaped to more than 500.

All except one of the small
community of about 30 Ameri-
can officials and private citi-
zens in Chad has
evacuated, but about 100 French
citizens at the French military
base have so far declined
evacuation from the city,
according to reports.—UPI.

Diplomats recalled: The West
German Government has
ordered its diplomats out of
Chad. A Foreign Office spokes-
man said in Bonn the eight
diplomats and their families
would be flown out by the
French. Other West Germans
living in Chad but not con-
nected with the embassy have
been advised to leave, he added.
—AP.

Report highlights the devastation caused man's exploitation of his world

by Samson

series of dramatic statistics
setting for a report on
exploitation of the en-
vironment released earlier this
by the International
for the Conservation of
and Natural Resources

document, entitled the
Conservation Strategy,
ides with a number of
recommendations aimed
tackling the devastation while
is still time.

discussion of the en-
vironment tends to focus on
natural communities, or
systems, which are de-
fined in terms of plants, ani-
mal life and the rela-
tionship between them.

In this sense the world is
an ecosystem, divided into
ecological units—
as seas, coastal regions,
and rivers, deserts and
lands. Each of these can
further be subdivided into
farmlands, though not
natural communities,
is studied as ecosystems.

is where the statistics
to nibble away at more
definitive—or, more
likely, to take great bites
out of them.

For example, the
series, for example, are
undling—which means that
useful marginal systems
as grass and scrublands
(vanishing) by 23,000 square
miles—the equivalent of some-
more than the area of
ashire)—are submerged
year under urban

sprawl". From 1960 to 1970
Japan lost more than 7 per cent
of its agricultural land to build-
ings and roads.

At present rates, the anony-
mous authors of the strategy
estimate a third of the world's
arable land will have disap-
peared by the year 2000.

Loss of soil through erosion
caused by bad farming and
careless forestry is at least as
serious as the effects of urban
development. More than half of
India's acreage is affected by
some sort of soil degradation.

The IUCN says that even
under natural conditions
vegetation cover it can take
more than 400 years to gener-
ate a third of an inch of topsoil;
"once the soil has gone, for all
practical purposes it is gone
for good."

As the land disappears, pests
cut into the productivity of
whatever remains: over-use of
pesticides caused a doubling in
the number of insect varieties
resistant to pesticides between
1965 and 1977.

Forests and woodlands disap-
pear, as timber is harvested,
cleared for agriculture or cut
piecemeal for firewood. Between
12 and 24m acres of forest are
logged or cleared for farming
each year... a rate of almost
50 acres a minute. Timber
harvesting is expected to triple
during the next 20 years,
accounting for 1,360m acres of
forest.

Tropical rain forests in particu-
lar are in danger of diminish-
ing by half in the next 20 years
and disappearing altogether in
the next 35. The Ivory Coast
has already lost two-thirds of its
forest cover this century.

Ecosystems, of course, also in-
fluence each other. Watershed
forests, for example, protect
soil cover and moderate flood-
ing. When the forests are gone,
the effects "downstream" are
dramatic: expensive hydroelec-
tric dams silt up, irrigation sys-
tems are destroyed, catastro-
phic floods devastate hundreds
of villages at a time.

Because of siltage caused by
deforestation, Argentina spends
about £5m a year to keep the
estuary of the river Plata free
of silt and Buenos Aires open
to shipping; the useful life of
the Philippines' Ambuklao Dam
has been nearly halved, from
60 to 32 years, and flooding is
thought to cost India as much
as £400m a year.

The progressive collapse of
the world's fisheries is a near
perfect example of the conse-
quences of mistreating an
ecosystem, in this case by over-
exploitation. The effects of
such misuse go far beyond the
loss of primary food sources.

"A million seabirds are killed
accidentally in nets every year;
and more cetaceans, notably
dolphins and porpoises, are
taken incidentally than delib-
erately."

Inevitably, the most appalling
statistics refer to human beings.
During the next 20 years—that
same period in which a third
of the world's arable land and
half of its remaining tropical
forests could be lost—the
human population is expected
to increase by almost half, to
6,000 million.

In terms of the world's re-
sources, the Swiss already con-
sume as much as 40 Somalis
and expectations are grow-
ing apace.

"There's no doubt
which airline
we'll choose
for our next flight!"

This is an authentic passenger statement.

Lufthansa
German Airlines

Consult your Travel Agency or our timetable for exact details of all our flights.

OVERSEAS

US officials believe exiles from Cuba may be implicated in murder of Salvador Archbishop

San Salvador, March 26.—United States officials say a right-wing Cuban exile group have been the assassin of Oscar Romero, the Roman Catholic Archbishop of San Salvador, a view shared by church officials.

They said the assassin had to be a sharpshooter because he fired a single shot from about 100ft away through the open door of the hospital chapel where the archbishop was holding a funeral Mass on Monday night.

Mr Robert White, the United States ambassador, said, "Our conclusion is that it was someone who was an expert marksman."

A church source said, "It was not done by our local murderers because they use 25 or 30 bullets from machine guns to kill their victims."

Mr White also told reporters that a Government source informed him a week ago that "right-wing Cuban terrorists" were operating in El Salvador. The source told him: "Some of the bombings have been accomplished with a degree of

expertise that was not the kind of expertise found here."

The source believed that the evidence pointed to Cuban exiles, Mr White added.

First reports said that four gunmen entered the chapel and opened fire on the prelate. But church officials said yesterday that the killer apparently got out of a car opposite the doors to the chapel, fired one shot and then was driven away before anyone could get a close look at him. The officials said it was believed three other men were also in the car.

The ruling junta called last night for a return to "harmony and peace" and demanded that all sectors of the population should not turn the archbishop's death into "the starting point for a civil war."

However, the armed forces were put on full alert after a series of bombings which followed the assassination.

The country was in shock because of the murder of the archbishop, who had been an outspoken advocate of social reform and a critic of government repression and the violence by the left and right that

has turned the tiny Central American country into a battle-ground.

The archbishop's body lay in state before the main altar of the basilica of the Sacred Heart. About 3,000 people thronged the cathedral during a memorial Mass. At least a thousand more stood outside because they could not get in.

The government, the armed forces and the Christian Democratic Party placed full-page notices in local newspapers condemning the murder and expressing their deep condolences to the church. President Carter and the Pope were among the world leaders who condemned the killing.

Spokesmen for both left-wing and right-wing terrorist groups denied having any part in the assassination.

One informed source discounted any possibility that the archbishop could have been killed by the security forces, the traditional allies of the conservative oligarchy. But he conceded that the Government, although led by two colonels who overthrew an ultra-right military regime last

October, was not in full control of the military.

In Washington, Mr Cyrus Vance, the Secretary of State, called the murder "saddening and tragic" but added that American military and economic aid to El Salvador would continue. He said the Carter Administration believes the junta has taken steps toward healing the divisions in the nation.

Two administration officials testified before a House subcommittee yesterday that they had evidence that Cuba was helping to funnel arms and insurgents through Honduras to the leftists in El Salvador. AP and Reuters.

London agent: On a motion by Mr Alex Kison, Transport and Labour Workers' Union, the Labour Party NEC yesterday stated that it was appalled by the "assassination" of Mr Romero. (George Clark writes).

"The NEC condemns those guilty of perpetrating this brutal act. It has deprived the world of a courageous fighter to human rights," the motion stated.

Mrs Gandhi reserves her ire for Assamese

From Richard Wigg, Delhi, March 26

Mrs Indira Gandhi, the Prime Minister, today refused to rebuke the pro-Gandhi students of West Bengal who have been disrupting the flow of essential goods by road and rail into Assam for three days.

Their blockade of India's principal north-eastern state, she told Parliament, was a reaction to what was happening in Assam. If the agitation in Assam against an influx of settlers from outside the state continued, she said, "it would pose a threat to national unity, besides bringing hardship to the people."

Mrs Gandhi accused the RSS, a Hindu communalist organization which is close to the Janata party, of encouraging the Assamese agitation. Many of the immigrants over the past three decades who are causing the Assamese to worry about their ethnic identity, have been Muslims from Bangladesh, formerly East Pakistan.

For the second day running there were noisy exchanges between the government benches, where Mrs Gandhi's Congress Party is more than 300 strong, and the four small opposition parties, the largest of which musters only about 40 members.

Yesterday the Opposition walked out when the Speaker refused to permit a discussion of the students' blockade of Assam. The exchanges brought parliamentary business to a stop for about half an hour after Mrs Gandhi made her first intervention. This was a reply to Mr K. P. Mukherjee, of the small anti-Gandhi Congress Party, who asked whether she had given the West Bengal student leaders any advice before they launched their agitation.

When the Deputy Speaker finally obtained peace and again gave the floor, Mrs Gandhi said it was "arrant nonsense" to accuse her of encouraging national disintegration.

It was the Assamese students who had spearheaded the agitation against the Government, forcing an indefinite postponement of last January's Lok Sabha elections in the state and stopping the flow of Assam's crude oil to the refineries in the rest of the country, she asked. Why blockade the rest of the country and deprive it of diesel, petrol, and other goods?

This action by the Assamese had created strong feelings among the West Bengalis, she went on, and youths belonging to her party wanted to respond to the situation. Mrs Gandhi said she had sent them a message to desist, and counselled moderation in Parliament only last week, "but you know it is not easy to control the young people."

Mrs Gandhi has failed in two rounds of talks in Delhi with the Assamese student leadership to obtain a solution of "foreign nationals" issue, which centres around the inclusion of many former immigrants on Assam's electoral register.

The students want the cut-off date to be 1951 and that every one who entered afterwards to be sent back to either West Bengal or Bangladesh. The Delhi Government prefers a 1971 cut-off date.

Today the Assamese students resumed their agitation, which had been partially suspended for the Delhi talks. A 12-hour stoppage of work in all government departments in the state and of all private business activities showed again the strength of regionalist sentiment.

Meanwhile the Bengali students kept up their obstruction on the main highway of lorries bound for Assam from the north-western tip of the state. More than 50 of the demonstrators were arrested.

The students' agitation is intended to punish the Assamese for months of violence which have caused many Bengalis to flee Assam.

The West Bengal Marxist Government suspects, however, that the main purpose behind the Congress-backed agitation is to provide Delhi with a pretext for ordering fresh elections in West Bengal.

Mrs Gandhi may have calculated that if she wins West Bengal she could then really get tough with the isolated north-east.



Three set free: Three Colombians held hostage for 27 days in the embassy of the Dominican Republic in Bogotá walking away from the building with a doctor after being set free. Their release by the left-wing guerrillas who stormed the embassy during a diplomatic reception raised hopes that the remaining captives might soon be freed. These include 11 ambassadors, two chargés

d'affaires and 16 other people. The three men were freed after negotiations between Colombian Foreign Ministry officials and a hooded woman guerrilla which ended with a handshake. Further talks were to be held yesterday. The Government has rejected the guerrillas' demands for a large ransom and the release of 70 comrades from Colombian prisons.

Kampuchea famine threat confirmed by aid officials

From Neil Kelly, Bangkok, March 26

The official rice ration in parts of Kampuchea has fallen to only half a pound a month, according to foreign aid officials who have just returned from there.

Their reports, which confirm earlier news of approaching famine, coincide with the 43rd United Nations meeting in New York about future aid to Kampuchea.

The aid officials said here that Kampuchean were trying to eke out the ration with anything they can scrounge from the drought-stricken countryside, including roots, leaves, bark and nuts. They reported that signs of malnutrition, accompanied by a variety of diseases, were visible almost everywhere, the swollen bellies and unnaturally light hair of children being the most obvious.

Officials in some provinces had said they had run out of food and were entirely dependent upon the arrival of foreign aid, which was not reaching them mainly because of bad roads and lack of vehicles.

Areas in the north of the country are apparently worst off.

Other evidence of diminishing food supplies is provided by increasing numbers of Kampuchean coming to the Thai border to pick up food from international relief organizations. Their numbers have tripled in the past month.

International food experts have estimated that 230,000 tons of food must be shipped to Kampuchea between now and the end of the year to avert famine. In addition, about 40,000 tons of seed and fertilizer, and farming tools, are needed in the next six weeks.

Australia orders report on use of Agent Orange

From Douglas Aiton, Melbourne, March 26

Mr James Killen, the Minister for Defence, has called for an urgent report on allegations that Australian troops used the defoliant Agent Orange in Vietnam.

Mr Killen ordered the report today after claims by Mr Holt McMinion, the president of the Vietnam Veterans' Action Association that Australian troops did use the defoliant.

It has been said in recent months that men exposed to the chemical have fathered deformed children.

Mr McMinion said he could identify the army units which had used and sprayed Agent Orange. He named one as the 8th Field Unit.

He said it was a lie to say that Australians did not use such chemicals during the Vietnam War. "They were used. The government has lied from the very beginning and will continue to do so about the chemicals used in Vietnam."

On February 20 last, Mr Killen, in answer to a question in Parliament, said: "The Australian Defence Forces did not use Agent Orange in Vietnam."

He also said what at that time the Australian Defence Health Services had no documented cases of people who had been in contact with Agent Orange.

Mr McMinion said his association had "irrefutable proof" that Mr Killen was wrong when he told Parliament that Australian troops had not used the defoliant.

"We have been told by soldiers who served with 9th Squadron that Agent Orange was sprayed from one of their helicopters," he said.

Mr McMinion said that three soldiers from the unit involved in spraying had come to the association to tell of the use of Agent Orange. All claimed to have suffered medical problems through contacting the spray.

"We also have the names of Australian scientists involved in the mixing of the spray in Vietnam."

He called out for help before being driven away. Early on Saturday his body was found beside a road outside La Paz, gagged, bound and riddled with bullets.

Concern over Bolivian Jesuit's murder

By Peter Strafford

There is serious concern in Roman Catholic and trade union circles in Bolivia over the recent kidnapping and murder of Father Luis Espinal, a Jesuit priest who was editor of *Aguila*, a moderate leftist weekly in La Paz.

Father Espinal was seized and forced into a car last Friday night by three men in plain clothes who are suspected of belonging to the security forces.

Foreign minister dismissed by General Pinochet

Santiago, March 26.—President Pinochet of Chile last night dismissed his Foreign Minister, Señor Hernán Cubillo, following the president's abortive tour of the South Pacific.

A Government communiqué returned earlier this week when a visit to the Philippines was cancelled, demanded the resignation of the Foreign Minister.

The President flew back to Santiago after demonstrators pelted his car with eggs in Suva, Fiji, and the Philippines abruptly cancelled the five-day visit.

In Manila the Government said the visit had been cancelled because it discovered that foreign terrorists had come to the Philippines to assassinate General Pinochet.

This contrasted with the cancellation announcement on Saturday, which said President Marcos had to attend urgent business outside the capital.

Reuters.

Bhutto family offered chance to visit grave

Karachi, March 26.—The Pakistan Government said today it was prepared to let the widow and daughter of Mr Zulfikar Ali Bhutto visit his grave, but only at night.

The two women, Begum Nusrat Bhutto and her daughter Benazir, now lead the late Prime Minister's Pakistan People's Party which is the focus of opposition to the military government.

The women, under house arrest for five months, had filed an application in the provincial high court for permission to visit Mr Bhutto's grave on April 4, the first anniversary of his execution in Rawalpindi jail.

Mr Abu Bakar Chundrigar, the province's Advocate-General, said the visit should take place only after dark. The court gave him until Sunday to consult with the Government and explain why the visit should be restricted.

Reuters.

Education comes back into fashion in China

In the late 1950s and early 60s, China began to set up special selective schools to train the nation's top technicians and administrators. During the Cultural Revolution, these were denounced as "little treasure pagodas" and abolished. Now, as China forges ahead with plans for modernization, highly selective schools have been reintroduced under the name of "key" schools.

In no area can the almost full circle undergone by China in the years straddling the Cultural Revolution be seen more clearly than in education. The elitist tendencies of the 50s, which gave way to the egalitarian excesses of the mid-60s and 70s, have now been revived with greater fervour and conviction, though the Chinese themselves resist the term "elitist."

Academics and other intellectuals are back in favour. For 20 years between 1957, when Mao launched his anti-rightist purge, and 1977, when the Gang of Four was overthrown, they suffered terrible indignities and tribulations. Reviled as the "strinking ninth category" of the enemies of the people, they were humiliated, banished to work in the fields, tortured, imprisoned and murdered.

Those who survived have now been recruited into families, their jobs reopened, and their reputations officially restored when Vice-Premier Deng Xiaoping hailed them in 1978 as the "brave warriors who served socialism as a part of the working class."

Universities are again able to select their own students. The competitive examination, abolished during the Cultural Revolution, was reintroduced two years ago. Examinations, only peasants and workers who had been nominated by their colleagues were eligible for entry to university. No academic qualifications were required. The quality of university intake was often very poor, and the output not much better.

Now, universities are fiercely selective, particularly the "key" universities which, like "key" schools, are allocated extra resources and the best teachers. Less than one per cent of young people in China go on to higher education, compared with 12.5 per cent in Britain, and about 40 per cent in the United States and Japan.

Only one in 20 of the 5,000,000 students who apply to university last year are admitted. By and large, only the very brightest get in, though the health and political attitudes of candidates may be taken into consideration together with their examination marks. And strings can sometimes be pulled.

Last September, 400 students marched through the streets of Peking in protest against the alleged admission of candidates through political connexions. It was doubtless to allay such fears that Chairman Hua announced that his own daughter had failed to get a university place.

Most of the students who now get into university come from the favoured key schools, and most of the pupils in such schools are the children of professionals

and white-collar workers. Key schools account for less than 1 per cent of primary schools and only 5 per cent of secondary schools. They are thus far more selective, and in that sense "elitist", than grammar schools in Britain, which catered on average for the top 20 per cent of the ability range.

Selection for key schools is by examination. Some schools are more key than others. Among 140,000 secondary schools, just 20 have been singled out for extra special treatment directly under the Ministry of Education. (Other key schools come under the provincial or municipal government.)

A few are further favoured by being "attached" to the best key universities. This greatly increases the pupils' chances of success of being admitted to those universities. Of the 60 pupils in the final class of the secondary school attached to Peking University, for example, 58 have been offered places this year.

When the university entrance examinations were first brought back, it was agreed that some 20-30 per cent of students should be allowed to enter university direct from secondary school without first having to serve time in the army, in factories, or on the land. Last year, only two years after that decision was taken, two-thirds of the successful applicants came straight from school. That proportion seems likely to continue to grow.

The gulf between the intellectual and the worker, which the Cultural Revolution sought to close, is once again yawning wide. The long nail on the little finger, the traditional mark of the Chinese intellectual, is creeping back into fashion. Titles for university degrees are to be awarded next year for the first time since the Communists came to power in 1949. The Government has decided to increase the salary differentials between academics and workers.

It was strange for some of us who arrived earlier this month in China, full of naive preconceptions about socialist egalitarianism, to hear Professor Ni Min, a deputy director of Peking University, speak of the "problem" of miners earning more than some senior academics.

A miner might earn 100-150 yuan a month, he said. That was double the average wage of a graduate secondary school teacher or the starting salary of a university lecturer. A lecturer required more education than a miner, and his work was more difficult and of greater value to society. So he should be paid more than a miner in accordance with the good socialist principle of "to each according to his work," he explained.

Top professors may earn up to 340 yuan a month, however, the same as Chairman Hua himself—another token of the high status accorded to academics. There is no income tax in China, so gross and take-home pay are the same. The difference in real salary levels in China is much greater than in Britain.

The social and economic gulf between the intellectual and the worker or peasant is exacerbated by the huge disparity in

educational opportunities in where 80 per cent of the population live in the towns.

Ten years of schooling is provided in urban areas, while areas five years is the norm that is not yet universal. Very in rural areas ever reach uni-

China has so far shied at creation of elite academic or Russian model. Boarding schools were only for children gifted in music, dance and sports; the schools have to select pupils who live within travelling distance of a highly selective special mechanics or the sciences though there are a few foreign schools.

Within key schools, competition is stressed. Awarded marks for the frequent are given, but their rank is normally paraded in public. By are deliberately placed in last rows. Pupils are not "streamed" separated into classes according to ability.

Nevertheless, China does a fostering of an "elitist" education, which, it would seem, must create a new intellectual class. Does this square with socialist principles? And is there any present policies could lead to similar to those which helped the Cultural Revolution?

Professor Ni explained that its intellectuals to help to be. "We recognize the danger of a split between intellectuals and workers. We do not use arising from a physical gap as long as intellectuals have attitude and are working socialism, that is all right."

Mr Jiang Nanxing, the Education, in an interview, education correspondents in this month, denied that China an elitist education system to establish key schools and arose out of a study of realities in China, he said.

The 11 years of the Cultural Revolution had taken a heavy toll in destroy, books and equipment destroyed; teachers had to abandon their research work; a whole generation of students had been developed national catch-up. Yet resources were restricted.

That was why the Government to concentrate the available, a small percentage of schools, those are well. But key not intended to academics. There is no income tax in China, so gross and take-home pay are the same. The difference in real salary levels in China is much greater than in Britain.

The social and economic gulf between the intellectual and the worker or peasant is exacerbated by the huge disparity in

Dian Education C

Guest cook

Egging you on to an original gift for Easter

I recall my fondest memories of Easter, hours of which were spent on Easter Sunday morning tracing the journey of the intrepid "Easter bunny" who hid my Easter eggs in the most ingenious places. The tradition of the Easter egg goes back to the 1800s, when cleverly decorated chocolate eggs were given as presents.

Today much of the skill seems to be lost in commercial products, but you can make your own with a little know-how. If the prospect seems daunting, then simply buy a good quality chocolate egg and add your own touch of individuality by decorating it yourself. Try decorating with fresh or dried flowers, crystallized fruits and flowers, crystallized almond paste, icing speckles or those delicious speckled chocolate eggs that look so life-like in a nest of chocolate-coated cereal.

For those who like the surprise inside, fill with mouth-watering home-made rum truffles, peppermint creams, chocolate-dated dates and apples, cream de menthe squares, chocolate fudge, colletes or gingered marzipan in cellophane or colourful sweet cases.

Before making your own Easter eggs, consider both the mould and the chocolate used. There is a vast selection of moulds available for would-be Easter egg enthusiasts, ranging from the simple to the sumptuous.

Choice of chocolate is not so simple. Ideally, specially-tempered chocolate should be used, but it is difficult to obtain. Cooking chocolate is usually already tempered but can leave a lot to be desired in taste. If this is your option look for a good quality cooking chocolate. Dessert chocolate is not tempered and so needs attention. Tempering is necessary to produce good, shiny chocolate. Non-tempered chocolate will have a dull surface and marbled effect.

To temper chocolate, break up plain chocolate and melt it in a double saucepan with hot, not boiling, water in the outer pan. Melt the chocolate to 100-115°F (38-46°C). Stir to remove the pan of chocolate to a pan of cold water and cool to 80-82°F (27-28°C), stirring thoroughly. Replace the pan of chocolate on the hot water and reheat to 88-90°F (31-32°C), stirring all the time. The chocolate is now ready to use. For milk chocolate use 2°F (1°C) lower temperature in each case.

Having tempered your chocolate keep it at about 100°F (37°C) and prepare your mould. Carefully clean the inside of the mould with cotton wool. A little almond oil may be used to help release characteristics. Hold the mould hori-

zontally in the palm of your hand (inside facing upwards) and pour a small quantity of the heated chocolate into the mould to ensure that all the inside of the mould is well covered with chocolate. Gently tip the mould from side to side in your hand to do this, then invert the mould to allow any surplus chocolate to flow back into the bowl. Place the mould on greaseproof paper, face down, to set.

The thickness of the chocolate should be at least 3mm (1/8 in). So you may need a second layer. To join half-eggs together when set, use a little melted chocolate round the edge of one shell and stick the other half to it. The same procedure can be used to attach almond paste shapes to the surface of the egg. The instructions can also be followed to temper diabetic chocolate, available from most good chemists.

Real eggs present the cook with a ready-made shell, and children delight in a chocolate egg within a chicken egg. To make, carefully pierce the broad end of a raw egg with a small skewer and shake out the white and the yolk. Leave the empty egg to dry out. Pour melted chocolate, through a small funnel, into the egg and leave to set. Simply crack the egg and peel to eat.

Almond paste
Makes 450g (1 lb)
100g (4oz) icing sugar
100g (4oz) castor sugar
225g (8oz) ground almonds
1 teaspoon lemon juice
Almond essence (optional)
1 egg

Sift the icing sugar into a bowl. Add the castor sugar and blend almonds and mix well to blend. Add the lemon juice and a few drops of almond essence if used. Gradually stir in the beaten egg using a wooden spoon or the fingers until the mixture is a firm but manageable dough. Knead lightly before rolling out. The almond paste is then ready to be coloured if liked.

Chocolate fudge
Makes 675g (1 1/2 lb)
450g (1 lb) castor sugar
300ml (1/2 pint) water
1 large can condensed milk
125g (4oz) plain cooking chocolate or chocolate dots
50g (2oz) seedless raisins (optional)

Put the sugar and water into a heavy-based 3-litre (6-pint) pan and dissolve the sugar over a low heat. Bring to the boil, add the condensed milk and boil

gently until a sugar thermometer reads 240°F or soft ball stage. Stir occasionally to prevent sticking. Remove the pan from the heat and add the chocolate, and raisins if used. Beat the mixture until thick and creamy using a wooden spoon. Pour into a greased tin, about 15cm x 20cm (6 inches x 8 inches) and leave to cool. When almost set cut the fudge into 2.5cm (1 inch) squares with a sharp knife. Wrap in waxed paper.

Coconut ice
This is a great favourite with children, and traditionally coloured pink and white. Coconut ice, however, can be made in one colour. The idea of two colours is the idea of a coconut. You have to get the second colour out of the pan quickly before it sets. Single colours can be white or pink with a vanilla flavour; green with a peppermint flavour; or with coffee essence, or chocolate-coloured and flavoured with 50g (2oz) melted plain chocolate. Any flavourings or colours should be stirred in with the cream and desiccated coconut.

Makes 675g (1 1/2 lb)
450g (1 lb) granulated sugar
150ml (1/2 pint) water
1 teaspoon vanilla essence
75g (3oz) desiccated coconut
1 tablespoon cream or evaporated milk
Few drops pink food colouring. Place the sugar and water in a saucepan. Set over a low heat and stir to dissolve the sugar, then bring to the boil. Cook rapidly until a sugar thermometer reads 240°F or soft ball stage. Draw the pan off the heat and allow the bubbles to subside. Stir in the vanilla essence, coconut and cream or evaporated milk. Stir gently until the mixture thickens and looks a little cloudy. Then pour half the mixture into a shallow 17.5cm (7 inch) square buttered tin. Quickly colour the remainder in the saucepan with a few drops of pink colouring and pour on top.

Leave until quite cold and set firm. Turn out and cut into squares. Store in waxed paper, or cellophane.

Chocolate-covered pineapple
1 small can pineapple rings or 1 small pineapple
225g (8 oz) plain chocolate
Crystallized violets, yellow mimosas balls or silver dragées

Either drain the pineapple rings thoroughly and chop into halves or quarters or peel the fresh pineapple, core and cut into rings then halves or quarters. Break up the chocolate

late and melt in a pan of hot water. Forks, carefully dip apple pieces in the coating then event. Dry on waxed paper. The chocolate is with crystallized violets or dragées.

Gingered marzipan
225g (8 oz) almond paste
225g (8 oz) plain chocolate
100g (4 oz) green gelatin
Shape the almond paste into marble-sized balls. Melt the chocolate over a water bath. Dip the balls in the chocolate, then dry on waxed paper. The chocolate is with crystallized violets or dragées.

Peppermint creams
Oil of peppermint, persuade your chef you some—will give flavour of all, and last a long time keeps almost indefinitely.

Makes 36
300g (10 oz) icing sugar
1 egg white
Few drops oil of peppermint
1 teaspoon peppermint
Few drops green food colouring

Sift the icing sugar into a clean pastry board. Add the egg white, a few drops of green food colouring, and a few drops of peppermint oil. Knead the mixture into a firm dough. Roll out to about 5mm thickness, and then cut into small squares. Store in waxed paper, or cellophane.

Gather
1. Together and add a few green food colouring. Lightly to work it through the green dough in the same manner. The peppermints are put on a tray lined with greaseproof paper. Cut each peppermint into about half of the mix and roll in cellophane or waxed paper.

Shona Crawford Food Holiday

New Books

Life before Death

acher of Geneva
Bomb Party
aham Greene

Greene's deceptively new tale is only 131 pages and manages to say about love, hate, happiness, immortality, and the disgusting richness of contemporary novels three times the length. It does so with sadness, wit and, despite its without congestion at all, it would be hard to read. Dr Fischer of Geneva, an ageing, and as hard to resist reading as at once. The ideas are placed into the story, others by the sequence of and by the wise and way in which, through person narrator, the told. In love with my wife, and not reached the age man really loves and there had not been a. I doubt if one ever to love, but one can be in love as easily as outgrow an author one as a boy. Jones translates business in a chocolate factory, the shores of Lake Son of a minor career (France, Turkey, y), he lost a hand in don Blitz and settled in head after the war. Fisher is almost as gentle information as it is emes, all of it helping aim the context and of the book. His wife childbirth 20 years ago loves for the first time then Anna-Luise, a

man half his age. They marry, and are idyllically, almost unbelievably, happy. But not for long.

Anna-Luise is the daughter of Dr Fischer, inventor of Denzophyl for protecting Swiss and the world's teeth from over-indulgence in the product on whose behalf Jones is translating his letters (Switzerland is a self-supporting society).

Fischer is a multi-millionaire who drove his wife to a lonely death and wrecked the life of her only friend, the music-loving Steiner. He believes there is no limit to the greed of the rich, that only the poor are proud and therefore (like Steiner) to be feared.

To prove the first point he invites his richest friends to bizarre dinners at which, like children, they endure every kind of malicious humiliation for the sake of a priceless trinket to take home. Anna-Luise, who hates her father, calls them the Toads. There is a strong suggestion of Volpone's supplants about King Fischer's little court, except that he not even pretending to be dying. The Toads, though losing their souls, do get to keep the gold: twentieth century Geneva offers an even richer, darker soil for judged morality and double standards than sixteenth century Venice.

Jones himself is tested, proves unacquisitive, therefore incorruptible and beyond Fischer's further attentions. His marriage ends cruelly and violently when Anna-Luise, an excellent skier, is killed avoiding a fallen boy who should have been on the lower slopes, and Jones attempts suicide without success. Invited to what the mourning Fischer describes as The Final Party, he has nothing to lose, and accepts.

Six Christmas crackers are packed in a brain tub beside a table of glittering crystal and four huge bonfires in the deep snow of Fischer's January garden. Five contain a cheque for two million Swiss francs; the sixth a bomb. Guests risk their lives in turn, but only Jones, who longs to die and join Anna-Luise, does so with enthusiasm for death that itself approaches greed. Fischer, as always, has the last laugh.

It would be unfair to reveal the ending, but the moral seems to be that if there is no God (Jones is an unbeliever) then there is no Satan, and no immortality, either. Religion is neither more nor less than a ritualized remembering of the beloved, and even the rites must change.

A promise is made to a living person. A dead person is already not the same as the one who was alive. Even love changes its character. Love ceases to be happiness. Love becomes a sense of intolerable loss.

That Death is irrelevant and that love survives, for a little while, are the most positive conclusions to be drawn from this bleak and masterly tale. Fischer himself remains an enigma and the Toads—except for Dr Kips, bent like a contorted seven and up to no good in the arms trade—remain sketched rather than sketched in. The narrative is absorbing throughout and scenes like the bright foreboding of Anna-Luise's death, or the discovery of the Moaxian Steiner serving pop records show Greene writing sharply, and shockingly, as his best.

Michael Ratcliffe

Crime

ent Blood
D. James

(£5.95) is a mightily ambitious novel. It outspins in aim anything yet attempted field, paralleling only st Le Carré in espionage though going deep into the mind of the editor of The Times allowed to keep quiet for ars before pronouncing on the author's grasp her reach. She brings it

with a murderess mother and climaxes with them both facing the revengeful father of the mother's child victim. Through this striking story Mrs James explores a whole conated area of human experience, beginning with that old, ever-new problem of nature and nurture, taking in the question of self-identity and ending with an exploration of the meaning of love. Let me say that the book is long (270 crammed pages) and its heroine a writer-to-be, and it will be evident that this is altogether a serious undertaking.

So, it must be said, the book is not the easiest of reading, especially in its earlier pages. But what rewards it provides. We get first a richly detailed picture of London in the late 70s, setting after setting planned down and held. Also there is a get imagery of flashing power (watch out for a simple transacation with four oranges and its uplifting effect). Then there are some remarkable imaginative tests, such as the murderess mother's last words of 'nission, sustained every inch of the way, together with lesser but eye-opening aperçus into other lives (the first taste of tea after a bludgeoning shock). And, beyond all, there are the

moral discoveries the novel sets out to make and makes. The novel, I called it. And certainly the book could be read as a mainstream novel, and a considerable one. Yet it is, and this is Mrs James's final triumph, still a crime novel, fiction motivated by a criminal act that hooks and holds its reader. As a crime novel it is a peak of the art.

Death in a Cold Climate, by Robert Barnard (Collins, £4.75). Tromsø and a missing Englishman gradually tracked down by Norwegian inspector, who has the makings of a long-term pleasure. Barnard's best.

In the Secret State, by Robert Macnamara (Hamish, Hamilton, £5.95). Future Britain, who recently retired director of Government super-agency probes its workings. Excellent idea but, alas, trying to say too much makes good harder.

A Clear Case of Suicide, by Michael Underwood (Macmillan, £5.50). Peak-of-success Q.C. abruptly ends life. Why? Underwood's early investigation through scrupulous legalism to, alas, a minor let-down.

Unconfined Clay, by Gladys Mitchell (Michael Joseph, £5.25). Shaikh buys Dorset manor, murder follows. But it is the countryside inhabiting every page that is the true delight here.

The Bassington Murder, by Charlotte Hough (Granada, £4.95). Welcome, literature, new recruit to the old-fashioned murder mystery. A map (hooray), list of suspects (yum), long final explanation (Oh, a bit dear).

The Neapolitan Struck, by Timothy Holme (Macmillan, £5.50). Decidedly promising new detective, confidently boastful, testeringly equivocal Peroni, among North Italian rigidities of various of now lodgesably etched in. Credulity sometimes strained though.

The Montherlant Affair, by Richard Gregson (Collins, £5.50). Second dip into yesterday's (1901) Paris with theatre star poison-chocolated. Storytelling somewhat amateurish, but background facts cry out to be gobbed.

Wyckliffe in Paul's Court, by W. J. Burley (Gollancz, £4.95). Urban Cornwall and a cosy knot of murder suspects. The atmosphere's the thing here, quiet, ominous, vaguely sexual, inviting.

H. R. F. Keating

The Murder of the Maharajah, by H. R. F. Keating (Collins, £5.95). To celebrate the Golden Jubilee, the Collins Crime Club, H. R. F. Keating has set this delicious collection in the year 1930, in the princely state of Bhopore. In a classic tale, 12 characters progress towards a murder—ranging in status and importance from the Viceroy, the Heir (and his constant companion), sundry European visitors, the Resident and his 10-year-old son, and a servant, bearing deadly diamond dust. The tyrannical and capricious Maharajah indulges in his favourite April Fool jokes, one of which makes use of the rare (and eventually fatal) sapora bark. Homage to the Dame is duly paid (at least two of the characters are reading *The Seven Dials Mystery*) in a delightfully luxurious background of tiger-ophostered Daimlers, Irish damask tablecloths from Harrods laundered in the river, an elephant house, a palace infested by monkeys, 12 pinball machines (Harrods regretted they could not supply His Highness), the roller skating rink. District Superintendent of Police Howard does a gentlemanly job of detection (though, as the Resident points out, as he is "Indian born" he is "Not One of Us") helped by a most unlikely Watson. The climax is the compulsory figure, the reconstruction (scene: a lollipop (as in Beecham) for a Golden Jubilee.

If Robert Louis Stevenson meant what he wrote, this, less perhaps the main straysail, is what the Hispaniola of "Treasure Island" really looked like, leagues of ocean away from recent Shiver-my-timber reconstructions for film and television. The drawing in the Peabody Museum of Salem in Massachusetts shows the Schooner Baltick coming out of St Eustatia on 16 November, 1765. It is taken from "Schooners" by Basil Greenhill (Batsford, £12.50).

Fiction

Schultz
By J. P. Donleavy

(Allen Lane, £5.95)
The Transit of Venus
by Shirley Hazzard

(Macmillan, £6.95)

"I have caught my neck in a mangle and will be indisposed for eternity", Sebastian Danterfield says in J. P. Donleavy's first novel, *The Gigger Man*, and almost all his work has rejoined in the self-trapped anti-hero as the best form of valour. But his wily and funny new tale, *Schultz*, is different. The history of *The Gigger Man* is relevant: the first unpurgated version was published (in France) in 1955, said rightly to have genius but when Donleavy later rewrote it as a play it closed after three nights at Dublin's Gaiety Theatre; amazed, he wrote one of his finest, most innocent pieces of prose, an essay that became part of his book, *What They Did in Dublin with The Gigger Man*. With six novels now published, three of which have also appeared as plays in London's West End, he has a go, in *Schultz*, at showmanship and sages and the ease in being a continuous victim.

Sigmund Franz Schultz comes to London from New York and New England, a financial flop at 30; he has as much sex as possible and is obsessed about avoiding a venereal disease and marriage. In his head, he insists, there's a brain; he persuades aristocrats and a large and desirable number of women to say things that people will listen to. They go

on with their riotous performances, bringing several surprises.

Mr Donleavy's writing has become more versatile; his imagination is as unconfined as his wit, but his picture of a frightened man's London is full of affection; and there are passages of idyllic, rhythmic, longing where Schultz is drawn to the star production of English country life. Much of the comedy depends on the contrast of the shy ways and language of Schultz and the super-composure of Nectarine. I don't consider it anti-semitic though Schultz's forebears are shown as incredibly faithless Prague rabbis. Donleavy does use allegory well, however, in extending sympathy to a notion that life should be enjoyed as if it were a Jewish joke, which he beavily defines as 'counting on nothing'; for him this is active optimism, and while the characterization of Schultz isn't as serious as in the best of his earlier work, the stimulation is.

Shirley Hazzard's writing in *The Transit of Venus* is sumptuous. She has worked for 10 years in the United Nations and has a witty flair for generalizations about international bawling, but her new novel concentrates most successfully on individual acts of humanity that might counteract public disasters. Two sisters, Ciro and Grace, whose parents drowned in a 1939 boat accident, emigrate to London from Australia, both of them beauties working in jobs they find repulsive. She is a clerk in a department, and Grace deals with customer complaints in a famous store. Ciro is loved by three men—a dazzling playwright, an American publisher, and a British government astronomer—and Grace marries a blustering senior civil servant; the book, intricately planned with plays within plays, covers almost forty years and the desecration of England, the industrialized loneliness of New York, a

native land is chronicled by contrast with that of his old school chum, who opts instead for the role of middle-aged infatigable. Lloyd weighs things up—the always weighs things up, even things like emotions—and concludes that he is happy.

The impression left by this entertaining and fastidiously-written novel is, however, sad one, as though it were all implicitly a lament for lost immaturity. Mr Barnes recreates the schoolboys' world of hates and hopes and erotic games with which far outshines the portrait of his hero's latter bohemian days in Paris, let alone the lengthening shades of final respectability.

Metroland, by Julian Barnes (Cape, £4.95). Metroland is a place, somewhere between Harrow and Neasden. *Metroland* is a novel, a story of a man between the ages of 14 and 30. Young Christopher Lloyd, the narrator-hero of Julian Barnes's first novel, has quite a lot in common with Scott Fitzgerald's Amory Blaine: both are given to making ventures of their intellect and emotional furniture; both have their gaze fixed firmly on literary heroism, disdaining the wider world.

Maturity, for Lloyd, means the glad adaptation of the role which teenage Lloyd most despised—the father-figure moving the lawn. His journey back to his discreetly dowdy

garden in the Andes or autocracy in Syria are uncommon for their casualty allied with precision.

Scientists first tried to establish facts about the transit of the planet Venus across the sun in the eighteenth century; but the facts were found to be too feeble because of natural distortions, wrong viewing, miscalculations. Ciro to an extent represents Venus. There are other suggestions about the permanent truths in legends about sacred and profane love, a myth about love and war. I have a few doubts about the unrivalling villainy in one of this novel's central lovers or gods but Miss Hazzard's craftsmanship is impeccable.

No, Not I, by Dee Phillips (Hodder & Stoughton, £5.50) is a talented first novel with an ear for casual humour. It studies five carefree or feckless years in the life of a London adolescent boy; his achievements in engineering classes, his fantasies to himself and his housekeeper-mother happen matter-of-factly but the ambitious theme on the provocations of indifference has wide significance.

The Echo Chamber, by Gabriel Josipovici (Harvester Press, £6.50). Writing can be like drinking by oneself, a poet says in this disciplined novel; but Mr Josipovici, outstanding among modern prophetic writers, hopes readers will share and interpret his characters' thoughts. It's all in amusing dialogue with Ivy Compton-Burnett intensity: a family in an English country house sort out one man's memory. Delightful when read aloud.

Make-Believe, by Peter de Polnay (W. H. Allen, £5.95). A convincing story on the uses of pretence. The narrator overcomes a need for a child, his wife cures temporary frigidity; their truths are so strange they feel compelled to lie. This is lucid de Polnay at his most moving.

Myrna Blumberg

But *Metroland* represents a quietly impressive technical feat. His hero refers at one point, and with slight disparagement, to "trading on resonances", but Barnes himself does this deftly: at times his writing fairly crackles with the clash of ideas. He illuminatingly logs the changes in his hero's responses to the world around him, maintaining throughout a light, agreeably ironical tone. There are comic passages (usually about sex), sober passages which powerfully evoke moods and places, and the dialogue testifies to a well-trained ear.

Michael Church

Her experience was doubtless agonizing. But, as much of the book is in reported dialogue form, authenticity is not helped by the impression that she either left her tape-recorder canny switched on, or has a total recall rare among the mentally-afflicted. The women's magazine girlfriend is eventually alienating. Telephones never just ring; they ring "sharply, almost insistently". Well, yes; that is the nature of telephones. An affair with a married man is never just a good screw: it is a denial of what, deep-down, Every Woman Wants.

I used to tell myself, when I was in the throes of that mad, passionate, deep-eyed romance with my married man that the extraordinary pleasure, the ecstasy, the joy when we were together made up for the loss of being alone, the sharing time, the being time. But something inside me always knew that future loving with a touch of angst wasn't as good as the all-time kind.

Let us hope that the author's forthcoming novel reads more like non-fiction than her present work. Meanwhile, keep on taking the tablets.

Ruth Hall

Father and Son

C. Day-Lewis
By Sean Day-Lewis

An English Literary Life
(Weidenfeld & Nicholson, £12.50).

Judged by what might be called "medal honours", Cecil Day-Lewis was the most successful of the "MacSpanday" poets (Macneice, Spender, Auden and CDL) all born between 1900 and 1910. He was Professor of Poetry at Oxford, Clark Lecturer at Cambridge, a Companion of Literature, a leading figure in the middle echelons of the Order of the British Empire, Charles Eliot Norton Lecturer at Harvard, and—wait for it—Poet Laureate. This last leafy crown CDL wore with admirable aplomb and unflappability. And still, say what you like, to be Poet Laureate is quite something—especially for a Communist Party member in the 1930s and remained a comfortable Hampsteadian lefty all his life whilst frankly liking honours and keeping his binoculars trained on a distant prospect of the OM.

He wrote fluent, agreeable, not notably distinguished poetry, some 20 detective novels in the 1930s, manner which are much better than most, not quite as good as a few, and which Sean Day-Lewis takes too seriously. He wrote literary criticism which is strenuous, easy to read, and communicates genuine, if rather limited, enthusiasms. He was a splendid broadcaster, whether reading his own poems or talking about and quoting from those by others. In his earlier time he was a prep school master; and schoolmastering—skilled and demanding profession—he was very good at, as are so many who come down with Thirdis. He was handsome; women adored him; he adored

them too; but he wasn't particularly strong on fidelity.

The relationship between father and son is always complicated, often difficult. Admiration and affection, resentment and alienation—the emotions tangled. Sean Day-Lewis, eldest son of his father by CDL's first wife, Mary King, here writes the biography of a parent only recently dead, who left the family home of Brimclose, and a Mary for long made miserable by husbandly *déconche*ments, when he, the biographer, was a youth of 19. In such a situation you would have expected the son's sympathies to lie with the mother; and indeed so they do, not only at that decisive moment of parting but throughout this book. Yet always Sean Day-Lewis's biography is admirably fair and balanced. There is none of the off-ferent malice that Gosse for example brought to the treatment of a distinguished father in *Father and Son*. In place of mockery, this son steadily provides facts, arm one sometimes, but plenty too that are evidence of deep affection. He recognizes and admires a strong talent and likeableness in his parent; he recognizes also the many frailties which, with infinite variations, all flesh is heir to.

The author has a nice line in mild-mannered statement. "He" (CDL) "had the ability to keep his life in compartments" is one example. Another is: "He had no better part of his" (Brimclose) "was the home he should make for when in need of nursing". Perhaps I'm wrong in hearing a strong anger beating beneath these gently deceptive surfaces. "Discretion is not the better part of biography," so said Lytton Strachey. Yet here we find a tempered discretion used to compose a true and vivid portrait.

David Williams

Fabulous sources

Dickens and the Invisible World
By Harry Stone

(Macmillan, £12)

Harry Stone's reappraisal of a selection of Dickens's works, fine-toothcombed for their fairy tale analogues, has had two harbingers; and both reappear, practically word for word, in his "new" book. His essay on the genesis of *Great Expectations*, which he describes as a fascinating and untold tale, was in fact told by him 11 years ago in a compilation, edited by E. W. F. Tomlin, and published in the year of Dickens's centenary. It is still fascinating.

As for Professor Stone's brilliantly argued case for Uriah Heep's being David Copperfield's double, we have already admired its brilliance, and that was in *The Dickensian*, the journal of the Dickens Fellowship, of which the professor is a former president.

However, everything else in *Dickens and the Invisible World* is new, often startlingly so. With much scholarship, little humour, and a gift for repetition, he sets out to convince us that the characters and motifs of the young Dickens's storybook years—fairy god-

mothers, princes, princesses, monsters, witches, enchanted castles, and magic spells—were transformed into the motifs and characters of the mature Dickens's storytelling years.

Can we seriously consider the proposition that *Dombey and Son* is an elaborate urban version of Hop o' my Thumb? Professor Stone does, at least, produce chapter after chapter, every Arabian Nights analogy he creates and, in this respect, emerges with far more credit than many other Dickens exegetes who claim to have found Marxist and Freudian underpinnings in almost every one of the novels.

Professor Stone, who is professor of English at California State University, Northridge, is strong on the allegorical symbolism and animism of Dickens's writing. Particularly impressive are his lengthy treatises on the store sequence in *David Copperfield*, the staircase and trains in *Dombey and Son*, and the animate and inanimate contents of Satis House in *Great Expectations*.

All in all, a fabulous book, using that word in the exact context that provides the volume with its raison d'être.

Peter Davaille

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I'm Dancing as Fast as I Can
By Barbara Gordon

(Hamish Hamilton, £5.95)

I'm reading as fast as I can, but it doesn't help. Other people's madnasses, unless redeemed by talent, are as tedious as the dreams professionals are paid to listen to. Even worse, Barbara Gordon has a scapegoat for her madnass (sorry, "psychotic episode"): the medical profession.

For the author of this American bestseller was a victim of "ethical" drugs. Having been prescribed Valium for a back injury, she became dependent on it. Over a period of ten years, she took 30 mgs a day (well over the usual dosage of our most popular tranquillizer, hoping that it would combat the anxiety, agoraphobia, schizophrenia, paranoia, and general fed-upness brought on at the age of 40 by unhappy love affairs, the stress of her life as television producer, and the retrospective psychic ills to which the only daughter of an eccentric Jewish family is inevitably heirless.

When she decided to come off the drug, her doctor wrongly advised her to give it up completely, rather than to reduce the dose gradually. She suffered acute withdrawal

symptoms and, three hospitals and twenty psychiatrists later, has achieved self-awareness and a lamentable desire (unwilling though she professes to display her private life in public) to point out the dreadful perils that await the pharmacologically ill-informed.

When it comes to psychiatry, American naïveté is boundless. I was going to a shrink once a week; the author laments, and still the anxiety increased. Why didn't Dr Allen help me? Dammit, I'd been seeing him religiously for 10 years, ever since about the time I left my husband. It was a routine. Like brushing my teeth. He gave me Valium and I was taking it by the handful.

Oh dear. As a graduate of Vassar and Barnard, dammit, she might at least have boned up on the soft drugs literature, easily available in paperback. She could even have given up her ME-decade visits to the shrink, thereby having more time to devote to Inappersonal Relationships.

Her book is damaging. I might say people taking Valium, a drug which probably does more good than harm. Also, it is written in a style so distasteful that it is bound to attract a lot of readers. Eschewing sentimentality, she relies on monosyllabic utterances, achieving only the pretentious emotionalism of bad Hemingway.

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(continued)



an important part of Sir V. Howe's second Budget the tax changes he has set at the medium term plan announced. It can be set up as a plan to reduce the rate of inflation to 2 per cent by the middle 1980s, a target is to reduce the rate to 6 per cent by 1983-84, an expected growth rate of 1 per cent, that should have the effect of reducing the rate of inflation to 5 per cent by 1985. If it is stuck to, the requirement, in order to do this, is the steady long term reduction in government expenditure. The medium term plan provides for a reduction of 10 per cent in spending by 4 per cent real terms by 1983-84, and a reduction of no less than 10 per cent in the previous years of the plan for 1982-83. The reduction of this reduction in expenditure will be given to the public borrowing. The Chancellor is aiming to reduce public sector borrowing from 52 per cent of the total to 4 per cent, and to between 1 and 2 per cent by the end of the plan. From the reductions in expenditure he will be helped in achieving the forecast rise in real income in the North Sea. The combination of the reduction in government expenditure rising North Sea should leave room for cuts in taxation by the period. In this Budget, the Chancellor has very clearly and absolutely right to do so. The immediate Budget judgment is not extremely likely that reflects both the very high level of inflation and the serious threat of recession. It looks as though recession will be a severe one in most countries are pursuing monetary policies at the time, and the pound is used in terms of industrial. A more heroic attack on it might have produced a degree of recession, but have required more support than could be maintained. The Chancellor has tried to balance between the direct and indirect taxes by indexing direct tax allowances, though less than fully, and by indexing some of the excise duties. He has left the excise duties still at a relatively low level in historic terms. His indexing has only recovered the last year's inflation and has not recovered the inflation lost on these duties in previous years. Smokers and drinkers can therefore consider themselves lucky not to have been hit harder. No doubt they have been protected by the Chancellor's desire to keep the impact of these taxes on the Retail Prices Index down to a minimum. Another penny a pint on beer or another twenty-five pence on a bottle of whisky would have been fully justified, but might have had an unfavourable effect on wage claims. The main controversy will probably be about the changes in social security arrangements. The decision to tax short term benefits is entirely logical. They form part of the year's income and there is no reason why someone who earns continuously for a year should be taxed on his whole income while somebody who enjoys short term benefits for part of the year escapes taxation on that element. The assumption of twelve pounds of strike pay in calculating benefits for strikers' families will reduce the extent to which the state subsidizes strikes, including strikes against itself. In no other country are strikes subsidized in this way. Last year the Chancellor promised a thorough review of capital taxation. What he has produced is much less than that, and leaves the rambling, anomalous and very socialist structure of British capital taxation still in very bad shape. He was probably right not to make the reforms this year, badly though they are needed, because in a period of austerity it would be wrong to give major concessions to people with substantial sums of capital. Nevertheless this is unfinished business and should be attended to properly in a future year. He must be kept to the performances of his promise while approved for the wisdom of his timing. The Chancellor concentrated instead on helping small businesses, both by individual tax

son with most reason to tied with the latest Ameri-
cians is Mr. Reagan. th Mr. Bush won in his
of Connecticut, Mr.
was comfortably ahead
much larger state of New
and there is no reason to
that his grip on the
ican nomination has been
ed. Mr. Anderson
to attract far more
than would have been
d at the beginning of the
gn, but it is not at a level
ves him a serious chance
ting the nomination away
fr Reagan.

question posed by his
gn is not whether he will
Republican nominee—or,
whether he could be
led to be the second man
ticket, because, there is
sion of Mr. Reagan want-
n as his running mate—
ether he will run as an
ndent. His strength is his
y to appeal to those with
ty allegiance or who are
cted with their own party:
ite Republicans and right-
democrats who regard Mr.
as ineffective.

an attack has become
ak in the United States
days that this is not a
constituency. But the
tries in the path of a
arty or independent
are still formidable.
to obtain public funds only
the campaign is over, and

then only if he has managed to
secure at least five per cent
of the votes. Mr. Anderson might
have a problem in getting on the
ballot in some states and there
is no sign of the kind of remark-
able crowdswell for him that
would be necessary to make an
independent candidate a strong
challenger.

Whatever he decides, he will
be remembered as the electoral
phenomenon of 1980—but not
as the victor. If he does run as
an independent he will no doubt
take votes off both the principal
candidates, but probably more
off Mr. Carter. He and Mr.
Anderson occupy positions on
the political spectrum that are
not too far apart, even though
they are in different parties, and
a number of sceptical right-wing
Democrats might well conclude
that Mr. Anderson would repre-
sent their views rather more
effectively.

To put it like this is to assume
that Mr. Carter will still be the
Democratic candidate despite his
defeats in New York and
Connecticut. Senator Reagan's
victories there have certainly
brought him back into the race
in remarkable fashion. It had
been thought that he would do
quite well in New York because
of resentment among the large
Jewish community in the state at
President Carter's bungling over
the vote in the United Nations
on the Israeli west bank settle-
ments. But the size of Mr.

Nabil Ramlawi

and Carrington deserves credit for bold efforts to formulate a initiative on the Palestine question. He is entitled to more than that shown by the press for his efforts to bring peace to the Middle East.

Everest Jacobs, March 24, 1965, to some mischievous tactics in his attack on a London morning on Venezuelan newspaper interview with Mr. Yasser Arafat, Chairman of the Palestine National Organisation Executive Committee, which has been transmuted: Arabic to Spanish, and English.

Unauthorized to reject unequivocal statements accredited to Arafat and quoted by Dr. Jacobs. I do not represent the position of PLO.

Everest attacks on the PLO, the basic human and national rights of the Palestinian people and the Zionists seek to usurp the rights of the Zionists and oppose the "desires of Israel". We, on the other hand, believe that the rights of the Palestinian people in no way can be endangered the safety and well-being of those Jews who have (for whatever reason) fled to the borders of the Palestinian State.

and the Jewish lands in the park of the people, then we, and the Jewish community, have a responsibility to oppose it.

Every to the misquotation of the published in the

ment of the Palestine question. Indeed, it is the very basis of our dialogue with the West European states. Many of your readers will be aware that the Palestinians looked for a peaceful solution to the conflict from 1948 to 1965, when we launched our armed resistance through Al Fatah, the Palestine National Liberation Movement. However, armed resistance operates in parallel to political and peaceful efforts to restore peace in Palestine on the basis of justice for all the people in our homeland.

Yours faithfully,
NABIL RAMLAWI,
London Representative,
The Palestine Liberation
Organisation,
52 Green Street, SW1.
March 25.

Everest high-fliers.

From Brigadier W. R. Smyth-Windham

Sir, On June 7, 1936, the Mount Everest Expedition set up a camp on the east side of the main Rongbuk glacier, about 18,000 feet above sea level. One of our men found a bird's nest two eggs in it. Kempsen identified the bird as Elvess Shore-lark (*Otocorys alpestris* Elvess).

Yours faithfully,
W. R. SMYTH-WINDHAM,
Lionsdown House,
Pinney,
Langport,
Somerset.

direct and indirect taxes by indexing direct tax allowances, though less than fully, and by indexing some of the excise duties. He has left the excise duties still at a relatively low level in historic terms. His indexing has only recovered the last year's inflation and has not recovered the inflation lost on these duties in previous years. Smokers and drinkers can therefore consider themselves lucky not to have been hit harder. No doubt they have been protected by the Chancellor's desire to keep the impact of these taxes on the Retail Prices Index down to a minimum. Another penny a pint on beer or another twenty-five pence on a bottle of whisky would have been fully justified, but might have had an unfavourable effect on wage claims.

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The Chancellor concentrated instead on helping small businesses, both by individual tax

concessions and reforms, and by the establishment of enterprise zones where small businesses may particularly be expected to flourish. He is right to encourage these businesses which provide an important element in future economic growth and vital opportunities for employment. The executive of the larger company may however feel that the dice have been too heavily loaded in favour of the small businessman and against the large businessman. With the higher tax allowances being less than fully indexed, and the company car, the company loan and even the company suit being harassed by the Chancellor, the unfortunate executive may contemplate somewhat ruefully the capital rewards opened up to those whose businesses are perhaps no more than a ten-thousandth of the size of his own. There is a romance about small businesses which should not disguise the fact that it is big businesses which both provide a high proportion of exports and a high proportion of the orders for small businesses. We do not want all our best businessmen to move away from the boardroom and into the backyard.

The Chancellor has committed himself to a long and painful reduction of inflation which will unfortunately be accompanied by a period of recession and high unemployment. There were three policy options; to go on spending, to go on borrowing and to go on inflating; to follow the line the Chancellor has taken of a gradual and painful approach to price stability; or to follow the middle course. Professor Hayek advocated last night and take the strain of a violent attack on inflation—going for a knock-out. In retrospect a more Hayekian approach last year might have been preferable, but this year's middle course Budget does seem both to recognize the reality of the political situation and to offer a coherent but gradualist policy. Perhaps a rather tougher Budget would have been rather quicker. The Conservative Party will need both skill and resolution to maintain the support of this moderately painful policy for a more than moderately long time.

Kennedy's majority in New York, and his success in Connecticut as well, suggests that there was more than this issue running in his favor.

With the hostages still held in Iran, and with Soviet forces remaining in Afghanistan, some of the glow may have faded from the President's foreign policy. But the principal factor, apart from the United Nations vote, must be dissatisfaction with the economy. There is deep anxiety in many parts of the United States over the current level of inflation, and the exceedingly high rates of interest that have been imposed in order to correct it. The hostages will presumably be released; the memory of the United Nations fiasco may fade; but it is unlikely that the economic grievances will have been dispelled before the election in November.

This will therefore be a liability for Mr Carter from now on, and it must be disturbing for him that the reaction appears to have set in so early. It does not mean that Mr Kennedy will win the Democratic nomination. Mr Carter already has such a lead in delegates, the advantage of the incumbent is so strong and the mistrust of Mr Kennedy so great, that the renomination of the President is much more probable. But the expectation must now be that Mr Kennedy will keep challenging hard right to the convention.

From Mr Nicholas BAKER, MP for Dorset North (Conservative).
Sir, White bankers with their high profits have followed the advice of Mr R. B. Whitney, MP (March 8) and support the BBC orchestras threatened with extinction, it would be much more productive for the country for the central clearing banks to allocate a substantial proportion of these large profits to financing the growth of small concerns. This could be achieved either through their merchant banking subsidiaries or perhaps through a newly formed company on the lines of International Commercial and Finance Corporation, jointly-owned and managed by the clearing banks.

Such a company would make finance available to small and growing enterprises on specially favourable terms. It might perhaps be accompanied by an equity stake in the company concerned.

This would compensate in some measure for the pressure being felt by small businesses now as a result of the high minimum lending rate, which is the direct cause of bankers' high profits.

The worst proposal about bankers' high profits has been that the Government should increase taxes and impose special tax upon them. Surely the lesson of past years is that governments generally are among the least efficient economic bodies in applying resources.

Yours faithfully,
NICHOLAS BAKER,
House of Commons.
March 12.

From Mr John Lane
Sir. The Bishops of Stagnely and Westminster, in their letter of March 24, highlight two of the dilemmas which face voluntary hostels for the homeless.

Firstly, there is the problem of financing fire precautions which, even at an elementary level, are extremely costly. Often no appropriate source of finance can be found and the organization is left with the choice of providing potentially unsafe accommodation or providing no accommodation, thereby abandoning residents to the streets.

Secondly, the location of a hostel is always problematic. The ideal would be to find a vacant building near Mr Mugno's urgent need of a replacement for its present hostel in the Old Charing Cross Hospital. This houses 550 men, about 80 per cent of whom work in low-grade service jobs in central London and take home less than £10 a week. It is not economically possible to pay travelling costs out of such a wage. If Mr Mugno's was forced to move its hostel out of central London it would cease to cater for the people in most need.

There are, however, a number of ways to identify a suitable building or site in the centre of London which could accommodate over 500 men is no easy task. We are still searching and welcome the help of others, like the bishops, who recognize that there are thousands of men and women in our midst who are without a place to live.

Yours faithfully,
JOHN LANE,
Director.

St Mugno Community Housing Association Limited,
Old Charing Cross Hospital,
Apsar Street, WC2.
March 25.

From Dr R. Gribble

Sir, I fear that Sheikh Mubarak Ahmad (March 25), in his ivory minaret, is somewhat out of touch with reality. He says that among Muslims the drinking of alcohol is almost unknown. I know that I am not alone in believing that a number of Muslims with alcohol-related disease. I would accept that the group of patients one sees in London may be a selected group, but that does not detract from the fact that there are a considerable number.

Likewise his implication that promiscuity is not found amongst Muslims does not appear to be supported by the number of patients acquiring venereal diseases whilst in London.

I would respectfully suggest to you that some of the last people that Muslims would go to discuss an alcohol or sexual problem and that as western influence increases in their countries so will these problems also.

Yours faithfully,
RICHARD G. GRIBBLE,
17 Harley Street, W1.
March 25

From Mr Stuart L. Caplan
Sir, Before Sheikh Mukharab Ahmad
(March 25) casts the first stone,
perhaps he would care to visit one
of the London casinos, where he
would see large numbers of his
co-religionists threatening their
moral and physical health together
with their sanity. That is, unless
they are in a fact-finding mission
to ascertain the full effects of
strong liquor on this nation in order
to prevent the same fate befalling
their own culture.
Such a fact-finding mission pre-
sumably includes the imbibing of
large quantities of liquor and the
spending of a small fortune with
the casino operator's bankers and
that their report carries with it the
weight of personal experience.
Yours faithfully,
STUART L. CAPLAN,
8 Highview Gardens,
Edgeware,
Middlesex.
March 26

From Mr Hartley Booth
Sir, Like the Family Planning Association and many recent contributors to your columns, the Order of Christian Unity is also concerned about sex education.
I am writing to you as a solicitor (March 20) on sex education and the rights of parents") stated that after a meeting between our two societies a few years ago, the FPA were able to assist the Order in preparing a sex education course for schoolchildren.
We welcomed the opportunity to air our differences on that occasion. But may we clarify this question of assistance? The FPA's help (which concerned presentation rather than content) was given not to the Order but to an individual member who plans to produce a marriage and home-making course.
Our sole publication in this field is *Sound Sex Education*, (1976) amply illustrates our fundamental disagreement with the FPA's approach.
Yours sincerely,
HARTLEY BOOTH,
Chairman,
Order of Christian Unity,
33 Victoria Street, SW1,
March 21.

From Professor J. F. Garner
Sir, Your correspondent Mr
Christopher Gay (March 15) is
clearly right when he suggests that
the Marxist planning authorities are
not sincere competent to carry out
development control. Why then is
it proposed in the Local Govern-
ment, Lands and Planning Bill to
deprive some of them of this func-
tion and entrust it to new, untried,
unappointed and inexperienced
corporations?

These pale shadows of the new
town development corporations
should surely not be allowed to
take over such important functions
including housing) from the elec-
ted traditional authorities.

Yours sincerely,
PROFESSOR J. F. GARNER,
103 Wollaton Vale,
Nottingham.
March 16.

From Mr D. C. Bradley

Sir, Mr Powell argues (March 22) for a divorce law which punishes the ex-wife who was fully or partly guilty of the destruction of the marriage". What judicial or administrative body will make this assessment? How is it to do so? What will be the cost to the legal aid budget of inquiries of this type, and the consequent conduct of proceedings and the divorce process?

For all the criticism it has attracted, the "special" (now normal) procedure for granting undefended divorces is a difficult and expensive process is realistic. It recognizes the limits of judicial intervention and represents a move towards placing responsibility for assessing the viability of a marriage where it should lie: with spouses themselves. What is needed now is unqualified endorsement of this approach in substantive divorce law.

The same principle should be applied to the matrimonial home.

The opposite approach is represented by the Bill now passing through the House of Lords which will provide for automatic co-ownership of matrimonial homes. Spouses will as a result be relieved of the responsibility for assessing the consequences for ownership of this type of property.

The hallmark of reform of the present law should not, as Mr Powell implies, be a desire for retribution based on character or conduct assessments of the doubtful validity. Rather, there should be clear recognition of the limitations of the legal process in attempting to regulate domestic relationships, and the cost, in dris of all areas, of attempting to do so in terms of the independence of those directly involved.

Yours faithfully,
D. C. BRADLEY,
London School of Economics and Political Science,
Roughley Street, WC2.
March 23.

practical remedies have known little about the needs of the divorced in custody applications and also that the courts are likely to approve de facto arrangements and leave children in settled homes. Access is normally granted to the mother, but the father is left with a bitter spouse. What can the law do? Supervision is possible but discouraged and is at best an extremely unsatisfactory solution. The alternative is to encourage correspondence to envisage in the treating children as pawns answerable for their parents' lack of cooperation. The law and legal processes should not exacerbate a difficult situation and suggest to the public that at present emphasize facilities for voluntary counselling. More than this cannot be achieved. If you marry and have children you may divorce and lose custody and nevertheless have all personal contact through access.

It is the issues of financial provision and property rights which have figured generally in your correspondence and which the Law Commission now has to consider. If you have children, to marry the present order of priorities on breakdown is that their material provision is attained at the expense of requiring a spouse to conclude satisfactory arrangements with the children. This is because a child cannot provide for his own protection. Where there are no children this is not a consideration. The English courts have not yet unequivocally grasped the nettle, and held that a childless wife's entitlement to maintenance is not a legal duty. That they are moving in this direction is clear from reported decisions involving short marriages and young wives. Suitable allowance should be made for those married in a different social climate and concluded agreements between spouses are enforced. Otherwise marriage and financial provision should not be used to supplant the deficient operation of sex discrimination and equal opportunities legislation, or

From Dr J. R. Allan
Sir, Your correspondent R. M. Fowler (March 20) rightly draws attention to the dire need for further reforming divorce legislation. Any such reform is bound to be preceded by a Law Commission review and if the tragic mistakes of 1969 are to be repeated the terms of reference of that review are of the utmost importance.

In its fourteenth annual report the Law Commission announced that they would be undertaking a review of the ground of divorce described in 1969 (para. 2.24). Several individuals wrote to the commission suggesting that it was illogical to review the ground of divorce without also reviewing financial provisions, since these two aspects are inextricably interrelated. Subsequently, and in response to such pressure from outside organizations and from Leo Abse's all-party Group for Divorce Reform, it was announced (*The Times*, February 27) that the commission would review financial provisions and that this review would now take priority over the work on the ground of divorce. Surely the two reviews should proceed together.

If we are to have no-fault divorce as a result, such in practice we now virtually have, there remains no possible justification for maintenance except for children. Those who seek to preserve the "rights" of ex-wives to permanent maintenance must advocate a fault-based divorce law. No-fault divorce on demand coupled with a right to maintenance is as ludicrous as granting fire insurance to a householder together with the right to set fire to the house and legal aid to make this possible.

Yours faithfully,
J. R. ALLAN,
The Spinney,
Parkside,
Upper Hale,
Farnham,
Surrey.

From Lord Ritchie of Dundee

Sir, Like many others I have been deeply disturbed recently by the threat of nuclear war. I have read the many thoughtful and concerned commentaries that have appeared in the columns of the world like, if I may, to add two of my own.

In the 1960s, having a young family and with a feeling of desperation, I used to march to Ban the Bomb unconditionally. I don't know where my fellow marchers had thought the matter through very systematically, but at least we felt we were doing something to protest. It is no longer realistic - if indeed it ever was - to contemplate the use of nuclear armament. So what can one do instead?

I am sure many people in the country would feel relieved if they knew a little more about how to protect themselves and their families from radioactive fall-out; and I hope the Government are giving the very highest priority to offering such advice and help as they can.

However, this is not the main issue, which is that everything humanly possible should be done to avert disaster. The existence of nuclear weapons is an abomination; an outrage to God, to nature and to humanity. It is true that in a nuclear war there will be no

classic Frankenstein situation: between them men have created a monster, and look like losing control of it. The common enemy is the Bomb.

There is living in an age not only of deadly peril, but also of unlimited hope. Men are beginning to think on a global scale as they never have before. We have begun to awaken to the fact that the human race is one, and that we cannot disclaim responsibility for others: the report of the Brander Commission is a notable example of this.

Would it not be possible for an international, totally independent peace-seeking commission to be set up to monitor the conduct of the leadership of the world's great religious organizations, with the object of preventing the civilized world from destroying itself?

Such a body would of course have no power to prevent war, but it would have the status of being completely non-aligned: and it is hard to believe that the world's political leaders could remain entirely uninfluenced by its urgent representations. It is at this time that man's essentially spiritual nature found expression and prevailed over the material forces of destruction?

Yours etc,
RITCHIE OF DUNDEE,
Baron Ritchie of Dundee,
House of Lords.
March 1963.

From Mr. A. R. Ward

Sir, I am sure that I will not be alone in finding Mr Silvester's article about the European Convention on Human Rights (March 17) very disturbing.

It is at the least misleading to suggest, as Mr Silvester does, that the individual right of petition under the Convention "reduces the petition on an individual basis to be vigilant". By Article 26, the individual petitioner is required to have exhausted any domestic remedies available to him before the Commission can consider his complaint. The vigilance of the national institutions must therefore have been found wanting, at least as regards providing the aggrieved individual with an effective remedy, before the vigilance of the international institution can be invoked. Does Mr Silvester really wish to

existence makes us careless with matches?

In the context of forums considering complaints from individuals and social movements based on the principle that the former have certain rights against the latter, to insist that the Commission and the Court are making "political" decisions is merely to remind those of your readers who might have forgotten, that the fire brigade must use water.

Is Mr Silvester's complaint really that the effect of the Convention is, on occasion, to make Governments' wet?

Yours faithfully,
A. R. WARD,
6 Windermere Court,
Alexandria Road,
Chalfont St Giles,
Hertfordshire.
March 17.

From Mrs Mary Smith

Sir, You state in your leader (March 19th) that the West cannot do as it likes to regulate the price of oil. Have we really tried? Have the Western industrial powers ever given serious consideration to containing the Organizations depredations by imposing economic counter-measures, such as equivalent rises in the price of foodstuffs on which so many oil-producers depend?

Until such steps were properly planned, and threatened, it would be more accurate to talk about Western unwillingness rather than inability to control oil prices.

You may be right in arguing that it is unreasonable to expect the Gulf governments to support the Israel/Egypt Peace Treaty, but it does not follow that the defence of

depend on the Arab Gulf governments' precariousness. The point is quite simply that the PLO is not likely to make the necessary adjustments involved in the recognition of Israel, and Israel is not prepared to take the consequent risks. The impasse is likely to last for some years and if the West were to await its solution, the Arab states might give up any attempts to resist Soviet penetration in the Middle East.

The fact that the Gulf rulers do not—as yet—understand the starkness of the choice facing them, does not excuse the West from taking every effective step possible to protect its lifeline.

Yours faithfully,
MARY SMITH,
Flar 5,
5 Onslow Square, SW7.
March 17.

From Dr A. E. Fairley

Sir, Dr Andrew Milner (March 22) calls attention to the persistent, but mistaken, view of the number of administrators in the National Health Service. And, in citing the experience of his own teaching hospital before and after 1948, he does not compare like with like. Did the retired general manager of the two hospitals, who were really run by two hospital, make all the out-patient appointments, pay all the wages, appoint all the staff, and arrange all the admissions for a hospital of some 700 beds?

Contrary to the view expressed by Mr Milner and much put about by politicians, both medical and lay—NHS administrators are acutely conscious of a need for cost restraint. In 1975 they themselves devised a management cost control system covering administrative and other disciplines, including medical and nursing, and even with this wide base, the present management cost of the NHS is only 5.2 per cent of the total cost—a management overhead far less than in any industry, private or public, of a comparable size.

Finally, it would be wrong to allow your readers to continue to suppose that the marked reduction in the number of NHS beds is the result of the efficiency of the administrators to maintain their own numbers. It is the result of changes in modern medical practice of which we may all be proud, and of an increasing awareness of how we may improve the efficiency of our hospitals whilst placing greater reliance on care in the Community. The total number of hospital beds in Great Britain has indeed dropped, from 540,000 in 1959 to 470,000 in 1977, a decrease of 12.8 per cent, but the number of discharges per bed per annum has risen in the same period from 90.2 to 117.7 (an increase of 30.5 per cent). Perhaps the most able administrator would have encouraged his medical colleagues so successfully for his own ends.

Yours faithfully,
EDWINA FAIRLEY,
General Manager, Health Centre,
23 Temple Fortune Lane, NW11.
March 24.

From Professor Alan Dale

Sir, I have recently been conducting some training courses for senior managers in Singapore and Malaysia. Of the 140 people involved, about one third have received their higher education in the United Kingdom. Almost all of them were keen to maintain their links with us, both through trade and personal contacts. In fact, they were, without exception, horrified at the enormous increases in fees for overseas students attending courses of higher education in the United Kingdom. In fact, almost all of them were sending their sons, daughters, and employees to other countries, notably in Western Europe and North America. In these cases, they would not involve them in learning another language so as to be able to take a course in, say, Belgium or France. Inevitably, this new generation will be coming to us from these countries instead of the UK.

The Asian group of countries (Singapore, Malaysia, Indonesia, Thailand and the Philippines) has the fastest economic growth of any region in the world at present. Singapore recorded a 9.8 per cent increase in its national product last year, and the others were not far behind. Whilst the current actual living standards are well below ours, the gap is closing rapidly, particularly in Singapore. In addition, oil, minerals and metals of all kinds are being discovered at a rapid rate throughout the region.

Faced with this situation, a policy of economic self-interest for the UK would be to attract as many students from such countries as possible. It might happen that investment would be offered places free to students from developing countries, thus attracting as many good students as possible and maximising the future gain. However, it is clear that our present government policy is to attract as many self-interest. Instead, our policy is *honesty* economic gifts to other countries: not those who need them, but to the developed countries of the Western world who even now have a surplus of students. The East eagerly seeking students, to whom they offer higher education at a price far below that charged in the UK.

Yours sincerely,
ALAN DAVE,
Institute of Organisation and Social Studies,
Brunel University School of Social Sciences,
Uxbridge,
Middlesex,
March 20.

From Mr P. Cockin
Sir, My son is a market gardener. His crops of letuces this year have been hardly viable, as the French and Dutch growers, who are subsidized by the governments, have been exporting their surplus letuces to this country.
Are we aiming to become completely dependent on other countries for a lot of our food—apples, fish, salad, crops, etc?
Yours faithfully,
PAT COCKIN,
27 Highgate,
Barnsey,
N. Humberstide.
March 21.

From the Curator of Lord's Cricket Ground

Sir, I realise that Britain's role in the world has changed somewhat since the days of, say, Dr. W. G. L. Maxwell, but it is still a shock to receive a letter addressed to "Lord's Cricket Ground, London, Ontario".

I must, however, congratulate the Canadian and British Post Offices in delivering it safely.

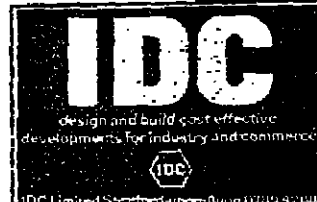
Yours faithfully,

STEPHEN GREEN.
Lord's Cricket Ground, NW8.
March 26.

THE TIMES

BUSINESS NEWS

JP 11.15.50



CBI praises Budget policies but stock market reacts cautiously

By Philip Robinson and Peter Hill

In the stock market dealers last night expressed mild disappointment with Sir Geoffrey Howe's — and the Conservative administration's — second Budget.

Although the *Financial Times* ordinary share index closed at its day's peak of 435.1, up 4.8, jobbers shied away from making prices after hours as they weighed up the 56 measures and were unsure which way the market would move this morning.

Government stocks, which analysts reckon are now around an important support level, managed gains of 1½ ahead of the Chancellor's speech but are expected to ease back today.

One gilt broker said: "There were no surprises. Without criticizing the Budget, it was a big yawn. There was nothing there which will make fund managers wake up and feel they must buy immediately, and there is a lot of cash around."

Government stocks are already over-

hanging with two large tax issues and there was speculation last night that the Government Broker may well cut the price of the long tap — which last traded at £50.4 — and closed at £50.2 to get the market moving.

That buying could well well into the equity market and give an initial lift to shares, but any lack of follow-

through buying could quickly have them back to last night's levels.

Failure to cut the Public Sector Borrowing Requirement still further, and the lack of any action on the employers' contribution to the national insurance stamp.

One analyst estimated that this would cause a further squeeze on company liquidity, already under pressure from high interest rates and low profitability. A 1 per cent cut in the employer's payments would have eased cash flow by between £8m or £9m, it is estimated.

Industry greeted the Budget cautiously but the unions were universally critical.

Moves to relax the levels of taxation and the concession on stock relief will be a useful boost to manufacturing industry, which is feeling the effects of recession and the steel strike.

While Sir Geoffrey failed to reduce the employers' national insurance surcharge, the important changes affecting small businesses — the centrepiece of the package — were seen by many as providing a major transfusion.

Sir John Medven, director general of the Confederation of British Industry, saw the Budget as a tough one but said the monetary and fiscal policies the Government was following were the

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only way left for Britain to beat inflation.

However, impalpable some of the measures may seem, the whole package is the right way to get the economy back on course and we look forward to the lower interest rates so badly needed by businesses," Sir John said.

He said that the Budget need not have been so tough had unions and managers handled their pay bargaining better over the past year.

What is needed now is realistic pay bargaining and improved efficiency so that we really can begin to march forward to the prosperous future we all want.

From the trade union side — with which industry will have to work if the Chancellor's aspirations are to be realized — Mr Len Murray, the TUC general secretary, described the package as "back to the thirties with a vengeance".

Mr Murray and other union leaders

stomped the way in which they believed the Chancellor had discriminated against families and the changes in social security benefits for strikers.

The Chancellor's claim that he was increasing the incentive to work would be greeted with derision and scorn, he said.

In the wine and spirit trade there is concern about the effect of increased duty, and also the higher costs of transport across industry as a result of increases in the vehicle excise duties and petrol prices.

Mr Walter Goldsmith, director general of the Institute of Directors, saw the Budget as being "rather too timid".

He emphasized that in the institute's view the reduction in public sector spending was nothing like enough.

Like other organizations and companies, the main worry was that Sir Geoffrey had failed to give any indication of when interest rates might begin to fall.

Mr Richard Weir, director of the Retail Consortium, said that while the measures would not depress demand, they would do little to stimulate it.

Measures for stimulating small businesses provoked the most favourable comments from organizations con-

Former director must repay £2m to bank

By Michael Prest

In a judgment which could have far-reaching implications for relations between a bank and its client a former director was ordered yesterday to repay £2m in loans and interest.

Mr Derek Barnes, the former managing director of Northern Developments, a housebuilding company, was ordered to repay the money, believed to be a record, to Williams and Glyn's Bank. Costs of £500,000 were awarded against him. Mr Barnes will appeal.

More money was borrowed for personal use two years later and Mr Justice Gibson said that the amount owed to Williams and Glyn's when written for repayment was issued in February 1978, was £1,790,000. Further interest had accrued since.

Mr Charles Buckley, Mr Barnes's solicitor, said last night that he is hoping to make a "leapfrog" appeal in the House of Lords. The papers are to be lodged with Lord Denning's clerk and Mr Buckley hopes the case will be heard in 1982.

During the case the defence contended that it was wrong in law and in contract for the bank to lend to the company in view of its existing borrowings, and that consequently had contributed to reducing the value of shares in Northern Developments which Mr Barnes offered as security for loans. Some loans were to buy more shares.

These arguments were rejected by the court. The judge said that there was no onus on Williams and Glyn's to



Mr Derek Barnes: claimed the banks were negligent.

advise Mr Barnes on the prudence of borrowing. Nor had the bank assumed such a responsibility.

Moreover, no negligence had been shown in lending £6,500,000 in 1972 to finance Northern Developments' expansion. The three-day week and the Middle East war could not have been anticipated.

The judgment specifically refers to £1m Mr Barnes borrowed in October 1972, to increase his shareholding in the company.

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N Sea tax will raise additional £535m

By Nicholas Hurst

Oil companies operating in the North Sea have been required to produce increased revenues of £535m in 1980-81 by an increase from 60 to 70 per cent in Petroleum Revenue Tax. They will also have to make an advance payment of 15 per cent of estimated revenues in respect of chargeable periods ending on or after June 30, 1981; such payments have to be made on or before March 1, 1981.

The banks, however, who have also been criticized for their sharply increased profits as a result of the rise in interest charges, have escaped the imposition of a windfall tax for the moment. The Chancellor is, however, considering whether tax changes are necessary. It was not clear, he said, whether it would be practicable or desirable.

Continuing rises in oil prices since the 1979 Budget and the consequent huge increases in the profits of Shell and British Petroleum had made a change in North Sea taxes inevitable.

The Government first introduced a special tax on offshore oil by the Oil Taxation Act of 1975. From November 1974 Petroleum Revenue Tax (PRT) was chargeable at the rate of 45 per cent. It was a complicated tax subject to many allowances, payable "after deduction of expenses and taken off liabilities for corporation tax.

The effect of the allowances was to delay the payment of tax until companies operating in the North Sea had more than recovered the historic cost of their initial investment. Payments were not made until all capital expenditure had been recovered plus a 75 per cent uplift to take account of the interest companies would have paid had projects been financed by debt.

Other safeguards were built in to guarantee a minimum rate of return. There was both a "free" allowance of 10 million tons a year which could escape the tax and a safeguard which prevented the impact of 10 per cent return on capital invested.

These allowances delayed the payment of PRT revenue to the Exchequer to such an extent that in last June's Budget measures were taken both to speed the inflow and to increase the total tax take. The uplift on capital allowances was reduced to 35 per cent, the tax rate increased to 60 per cent and the "free" allowance reduced to 5 million tonnes a year.

Arguing that the best finds have already been made, oil companies have asked for the tax regime to be softened.

Incentives for corporations, and individuals encouraged to invest directly in industry

By Peter Wilson-Smith and Richard Allen

As part of a general strategy of transferring resources from the public to the private sector, a number of measures have been designed to encourage investment in the corporate sector and stimulate direct investment in industry by individuals.

There will be relief for companies which might face the drawback of past years' stock relief, where stocks have fallen as a result of general liquidity pressures or in some cases, the steel strike. Depending on the stocks are financed, the liability will be deferred for one year.

This will be a temporary measure while the Government conducts a thorough reexamination of the corporate tax structure, in the light of the new standards on current cost accounting to be published on Monday.

The Government also plans to help reverse the trend towards large conglomerates by making it easier for companies to have off parts of their business along the lines recently proposed by GEC. Measures will be brought forward in the Finance Bill to ease the tax disadvantage on "demergers".

The Government's examination of the corporate tax structure will result in a Green Paper later this year, and the Government hopes to legislate next year in respect of the tax payable on January 1, 1982.

Further measures include additional incentives for personal investment in the corporate sector and a package of incentives aimed specifically at smaller businesses.

Capital taxes are to be reformed to the benefit of individual investors and family-owned businesses. The present £1,000 exemption from capital

gains will be raised to £3,000 per annum. Trusts will be exempted up to £1,500 per annum and investment and unit trusts will be totally exempt, although investors in these will remain liable for their own gains.

The threshold for capital transfer tax will also be raised to £50,000, which will exempt from liability at least two-thirds of the estates which would otherwise be liable.

The Chancellor has given much longer for relief to the traded options market by changing the basis on which options will be taxed. Instead of being treated as a wasting asset, which meant an investor paid tax even when the value of the option declined, options will in future be treated for capital gains purposes on the same basis as share warrants.

Without these measures, it was assumed that the options market would have died. The

Government's decision has encouraged the Stock Exchange to bring in further innovations to stimulate interest.

These include introducing five new series, reviewing inactive stocks and a big reduction in brokers' commissions. In addition, pension funds and institutions will be encouraged to write options, and the Stock Exchange plans to introduce "put" options to the London market.

A further measure, which will provide a modest incentive for individuals to invest directly rather than through institutions, is the reduction in the rate for relief for life assurance premiums.

Originally set at 17½ per cent when the standard rate of tax was 35 per cent, the level of relief will be reduced to 15 per cent — half the current basic rate of tax. However, the change will not come into force until April 6, 1981.

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Public spending will fall in real terms to the end of this Parliament

By Caroline Atkinson

Public spending is planned to fall in real terms in each of the remaining years of this Parliament. This is, as Sir Geoffrey Howe pointed out in his Budget speech yesterday, the first time that such a long term fall in the size of the public sector has been planned since the present system of public spending planning began twenty years ago.

By 1983-84 spending is expected to be about 4 per cent less in volume terms than in the present financial year 1979-80. By 1982-83 the Government is planning for 11 per cent less spending than the Labour Government had allowed for.

This picture contrasts sharply with the Government's last White Paper on spending which aimed to keep the overall level stable. It is also a dramatic reversal of the trend of increased public spending over the last two decades.

The Government decided to embark on a huge programme of cuts when it realized that its desire to cut income tax and its borrowing over the medium term could be met only by a sharp cut in the volume of goods and services produced by the public sector.

The cuts will not fall evenly on all programmes. The Government plans to keep its commitment to raise the real level of spending on defence and law and order. These programmes will rise by 3 per cent and 2½ per cent a year respectively, spending on health is also projected to rise by 2 per cent a year.

Social security spending, which has been the biggest source of increased public spending in the past, is projected to rise very slightly over the coming four years. This represents a cut in the real value of any social security payments, as the Chancellor outlined.

The Government has actually failed to secure as large cuts in its plans for the coming financial year as had been expected, although this is partly because of an increase in the contingency reserve-money which is left for emergency spending.

Next year's plans have been shaved by £575m, in current prices, from the November figures published in November. The contingency reserve has gone up by £325m. These figures do not take account of the hoped for savings on Britain's EEC budget contributions.

The profile of spending over the four years covered by yesterday's White Paper may spell the undoing of the policy. It shows a drop of 0.6 per cent in the volume of total public spending in 1980-81, followed by steeper falls of 1.2 per cent and 2.4 per cent in the two succeeding years. This year's £1,000m cash limits squeeze comes on top of the 0.6 per cent fall.

In the last year, 1983-84, spending is planned to fall by 0.3 per cent. The fact that there is no breakdown of spending between capital and current spending by economic category in the later years suggests that ministers have not yet agreed on how the cuts should be allocated. It may be harder to win them when the time comes round.

Rapid rises in public sector pay have clearly made cutting public spending much more difficult. The Chancellor said yesterday that the Clegg comparability awards would cost £2,000m in the coming year, with a further £1,000m for other civil service comparability payments.

The estimated total for the nationalized industries' net borrowing during 1979-80 is, at £2,300m, sharply up on previous estimates.

The limit required for V&A registration is raised from £10,000 to £13,500 and a quarterly registration limit of £4,000 is to apply.

Sub-contractors are to have the burden of the unnecessary "harsh aspects" of the present arrangements lifted. Details are to be published with the Finance Bill.

The limits on retirement annuity relief for the self-employed is raised from 15 per cent to 17½ per cent of net relevant earnings. The premium ceiling of £3,000 in normal cases and the higher ceiling for those born before 1916 are to be abolished.

To facilitate marketing of unlisted securities, usually relating to small companies, stock jobbers who take on unlisted stock will now only have to pay a fixed stamp duty of 50p instead of the full 2 per cent ad valorem duty as long as the securities are sold within two months.

Close companies, those controlled by five or fewer people, and their associates, are to be given greater fiscal freedom. The condition requiring a shareholder to have worked for most of his working life in the company in order to qualify for tax relief on money borrowed to invest in the company is abolished.

In addition the tax on close company income not needed for development or maintenance as distributed is abolished. Also the limit on the apportionment of investment income is raised from £1,000 or 10 per cent to £3,000 or 10 per cent.

Capital spending on the construction of industrial buildings providing 2,500 sq ft or less, now qualifies for 100 per cent initial allowance instead of the usual 50 per cent plus 4 per cent annual write-down allowance. This relief is to run for three years.

Some pre-trading spending such as rent, rates and wages are to be allowable and tax relief is now also to be extended to companies having to make redundancy payments on a voluntarily high level — relief is available up to three times the statutory amount.

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UKAEA urges improved methods for reactor safety inspection

By Nicholas Hirst
Energy Correspondent

Further developments of inspection techniques are essential before an American-designed pressurized water reactor (PWR) could go into service in this country, the United Kingdom Atomic Energy Authority has said in a written paper to the parliamentary select committee on energy.

The paper is intended to elaborate evidence given orally by UKAEA and to reply to some criticisms, particularly those of Sir Alan Cottrell who has expressed his fears over the safety of the PWR.

Sir Alan told the committee that cracks as long as one inch could develop in the steel walls of the PWR which could not be detected by present techniques, so that a catastrophic incident could occur without warning.

In its written evidence UKAEA says that the required reliability of crack detection demanded more advanced techniques than had previously been thought necessary. At present these techniques were only available in the laboratory.

"It is vital that the necessary development work be undertaken as a matter of urgency to convert them (the techniques) into robust automated in-service inspection for use on the first United Kingdom PWR pressure vessel," UKAEA said.

The Government intends to order its first PWR, a 1,182 megawatt system on licence from Westinghouse, in 1982, but before that it has promised a public inquiry.

Worries over the possibility of dangerous and irreparable cracks developing in PWRs which might present governments with the choice of shutting them down on safety grounds and losing millions of pounds of investment or running them at a risk have become the chief cause for concern over the plan to introduce the design to the United Kingdom.

It is important, UKAEA maintains, that decisions on developing the inspection techniques should be made early so that they can be developed well in advance of installation and preferably in time to satisfy any concern which may be raised at a public inquiry.

Research by UKAEA in collaboration with other agencies, has, however, shown that growth of hairline cracks does not appear to be as worrying as once thought. Experiments are continuing as it is believed to be too early to make final judgments.

Cracks which require repair have never been discovered in PWR pressure vessels in service although serious cracks were found in two boiling water reactor vessels during pre-service inspection in the United States.

Some cracks developing in vessels in service, such as the small fractures which have been found in French PWRs, could be repaired by grinding out the defects. Larger and more dangerous cracks, would have to be repaired by welding. This has to be done in a radioactive area and might involve remote operation not yet developed.

Pipework at Dounreay has been repaired remotely, the UKAEA says, and the French believe that within 18 months they will have developed techniques for remote welding within a reactor.

One of the problems of welding within a radioactive vessel, is that techniques are not available to protect the vessel from the stresses that the welding itself causes. Tests have been carried out in the United States which show that repair welds where these techniques were not used stood up to testing.

However the extent and magnitude of residual stress without post weld heat treatment is considerable, UKAEA says.

It is not clear whether a weld in a large crack of perhaps three or four inches could be repaired so that the vessel as a whole would remain safe.

But remote welding, which causes problems, might not be necessary. Divers have entered a radioactive pressure vessel and completed work inside a shielded cage and received a potentially low radiation dose, UKAEA believes that this method of welding could be repeated.

French move to capture wider viewdata market

By Kenneth Owen
Technology Editor

A French move to export products and expertise arising from the national "Télématique" programme—aimed at developing an information-based society through the convergence of telecommunications and computing—was launched yesterday at the international viewdata conference and exhibition at Wembley Conference Centre.

Ironically, it is an Englishman—Mr Roy Bright, who previously played a leading part in the Post Office's Prestel viewdata system—who will spearhead this move as director general of marketing for Intelmatique, a new company set up by the French telecommunications authority to promote the French developments abroad.

The first objective of the new French organization is "to create a worldwide awareness and subsequently market opportunities for the commercialization of an important range of products grouped under the Télématique programme".

This programme includes a planned viewdata information service under development (similar in principle to the Post Office Prestel service which has been in operation for some time); and the revolutionary "electronic directory" scheme to provide telephone

Microchip duty of 17 pc inhibiting makers

By Bill Johnstone

British microcomputer manufacturers are under pressure to assemble their products outside the country because of excessive customs duty on imported microchips, according to Lord Avebury, who is forming a European lobby to fight the tariff.

The rates levied on micro-electronic components allow an assembled product to be imported into Britain on a tariff as low as 5.8 per cent, whereas the microchips imported on their own are subject to a levy of 17 per cent.

This has caused concern to the small manufacturers in the United Kingdom which rely on such micro components made largely in volume by the United States or Japan.

Lord Avebury, chairman of Digico Micro Computer Systems of Stevenage, raised the question in the House of Lords last week, quoting evidence published in the *Electronic Times*.

Lord Trefgarne replied on behalf of the Government, who said that the EEC attached importance to retaining an adequate level of tariff protection to encourage production of chips in the Community.

He added that the Government had taken steps to secure the agreement of other member states of the Community to the temporary suspension of Customs duties on certain chips that were not available from Community producers.

But until that agreement is secured or until such microchips are being manufactured on any scale within Europe, all micro computer manufacturers in Britain will have to pay 17 per cent on chips imported from outside the United Kingdom.

The European lobby is being supported by Mr Clive Sinclair, who is now launching his own micro computer for less than £100. He is in no doubt that such tariffs are a big impediment to British manufacturers of microcomputers.

Mr Clive Sinclair said: "Those companies involved in the production of calculators, electronic watches, television games and microcomputers are using components whose value is a high proportion of the cost of the final product. With the mark-up being so small in this highly competitive market such excessive taxes are absurd".

Mr Sinclair, the designer of the world's first television with a two-inch screen and prominent during the calculator development five years ago, remembers the problems he had competing during the boom when all his attempts to have the duty on the imported microchips were unsuccessful.

Defence jobs to go at Vickers in north east

By John Huxley

About 350 workers at Vickers defence systems division in Newcastle upon Tyne are to be made redundant, the company announced yesterday. A further 1,200 employees will continue on short-time working.

The redundancies were blamed on falling orders, particularly because of the cancellation by Iran of contracts to supply Chieftain tanks. The company, which makes armoured vehicles for the British Government, is continuing talks in Whitehall aimed at securing more work.

A new battle tank will be launched at the British Army equipment exhibition in June, Manchester. Vickers has strengthened its marketing team and is actively pursuing orders overseas.

A Vickers official explained that formal notice of the 350 redundancies will be given to the workforce at the Elswick works on May 12. If suitable work was found within the 90-day notice period, the position would be reconsidered.

Defence systems divisions is now completing an order for Vickers mark 3 battle tanks and this would keep some of the workforce occupied until 1991.

The planned redundancies will not affect the other two divisions—non-ferrous metals and pressings—located at Elswick. An official emphasized that, despite present difficulties, there were no long term plans to close the works.

Meanwhile, Vickers has disclosed that, under an agreement whereby the company sells its office machinery division to the French group Compagnie Generale d'Electricité (CGE) the name Roneo will be transferred to CGE's subsidiary, CIT-Alcatel.

The use of Roneo by Vickers will be phased out over the next five years, although a special agreement has been made to use the name for office furniture and filing systems in France.

Under a deal agreed in principle, CGE will pay about £30m for the business. About 2,500 Vickers employees, in Britain—mainly at Romford, Essex—and in West Germany, The Netherlands and sales companies throughout the world, will be affected.

Department of Employment Gazette

Jobless pressures on the young

By Our Economics Staff

Young people are likely to be hit particularly hard by the unemployment caused by the recession which is just beginning, according to an article in the *Employment Gazette*.

The article, based on a Department of Employment study, shows that youth unemployment moves up by a much greater amount than total unemployment when the economy enters a recession.

It suggests that for every 1 per cent rise in total unemployment there will be a 1.7 per cent rise in unemployment among males under 20. The pattern is even more marked for women, with a 1 per cent rise in female unemployment leading to a 3 per cent rise in unemployment among women under 20.

The article shows that the reason young people are particularly badly hit by recession is that they start out with no jobs or are likely to try to change jobs frequently.

They are, thus, particularly vulnerable to a decision by employers not to take on new workers.

Cut-backs in recruitment usually account for a large proportion of the drop in employment during a recession.

However, young people tend not to stay unemployed as long as older unemployed workers.

Strike patterns

Strikes are more common among occupational groups which have a higher proportion of male workers, a greater degree of unionization and high labour turnover.

These are the results of some research carried out by the Department of Employment. The study looks at data only up to 1973. It shows that there is a great variation in the frequency of strikes between different occupations. Manual workers are more likely to be involved in strikes than non-manual.

The occupations with most strikes between 1966 and 1973 per 100,000 employees were construction and mining, transport and storing. By contrast farming and fishing were almost strike free. Professional workers in science and tech-

nology were more strike prone than those in education and health.

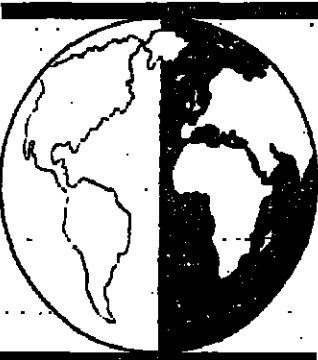
Graduates in industry

The proportion of graduates with higher degrees going into industry has been rising since 1973, after falling in the early 1970s. Nearly a quarter of men university graduates, but less than 8 per cent of women, go into industry.

Work days lost

More than 3.2 million working days were lost as a result of strikes in February, bringing the total in the first two months of 1980 to 5.9 million. This is 700,000 more than in the same period last year, which went on to become the worst year in post-war history for days lost through strikes. Figures for March are likely to be even worse than those for February.

The steel strike has been responsible for the overwhelming majority of days lost this year. Over 5.5 million out of the total 5.9 million days lost are accounted for by the metal manufacturing sector.



Tokyo funds rescue Iran chemicals project

The Japanese government and a banking consortium are to supply nearly 7,000m yen (£12.8m) to enable building work to resume on a huge petrochemical complex in south Iran.

The £1,376m Bandar Khomeini complex, for which Iran is paying half, is Japan's biggest single overseas project. Building had been interrupted for nearly a year because of the Iranian revolution.

Short time at Ford

Ford is to introduce 12 days' short-time working at the Cologne-Niehl body-work and assembly plant in Germany because of poor demand for larger cars.

Bethlehem decision

The EEC Commission is pleased by Bethlehem Steel's decision not to file anti-dumping suits against foreign exporters, Commission sources said.

German insolvencies

Insolvency proceedings in West Germany totalled 724 cases in January, 5.7 per cent fewer than in January, 1979, the federal statistics office reported.

Italy's deficit

Italy's trade deficit is expected to more than double in 1980 to £6,238.5m, mainly because of the rising cost of imported petroleum, according to the research office of Banca Nazionale del Lavoro.

US car sales down

Sales of American-built cars fell 16.2 per cent in mid-March from a year earlier. The decline was spread relatively evenly among the big three makers. General Motors' sales were down 18 per cent, Ford's fell 15.5 per cent, and Chrysler's down 16.2 per cent.

Japanese car demand

The Japanese motor industry expects slow growth in vehicle demand for the financial year beginning next month.

1,900 Ford lay-offs

Ford Motor Co is to shut down one of the two shifts at its assembly plant in Wixom, Michigan, laying off about 1,900 employees. The plant assembles Lincoln Continental cars.

More Japanese steel

Japanese exports of steel products rose to 2.41 million tonnes in February, from 1.97 million tonnes in January and from 2.10 million tonnes a year earlier.

Prime rate up

Japan's long-term prime lending rate will be raised by 0.7 per cent to 9.5 per cent from April 1, the Industrial Bank of Japan said.

Oil pricing stability

The present Comecon oil price system, which sets the price for Soviet oil deliveries to eastern Europe, will remain unchanged for the foreseeable future, Mr Gyula Kovacs, vice president of the Hungarian National Planning Office, said.

Cheap pianos influx

Britain's piano manufacturing industry, which employs about 1,400 people, is becoming increasingly alarmed at the inroads of cheaper foreign manufacturers. Nearly a third of the pianos sold in Britain last year were imported, a rise of 10 per cent on the previous year.

North Sea discovery by Sun Oil

By Our Energy Correspondent

A new commercial oil field had been discovered in the North Sea. It is in block 16/21a, close to the Tomi and Theima fields which are expected to be developed, and the Andrew discovery which lies across blocks operated by British Petroleum and Phillips Petroleum.

Operator of 16/21a is the independent Sun Oil. A member of the consortium in the block, Hampton Gold Mining Areas, says that from data taken from two wells sunk on the licence it appears that the field should be capable of commercial development, subject to studies of the engineering work.

Sun Oil said earlier this month that it had completed a well which confirmed a discovery made in 1975. The later well had added substantially to estimates of reserves resulting from the earlier drilling.

According to Hampton it will be necessary to drill at least one more well to find out the extent of the additional reserves discovered by the second well. This will show what production capacity will be necessary above that resulting from the discovery of the first well.

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GET/1980

BENEFITS

Chancellor's attack on 'perks' is concentrated on the company car

of Stone
Chancellor's attack on
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| Present scale | 1981/82 scale |
|----------------------------|----------------------------|
| Cars costing up to £8,000 | Cars costing up to £9,600 |
| 1300cc or less | 1300cc or less |
| 1301-1800cc | 1301-1800cc |
| Over 1800cc | Over 1800cc |
| Cars costing £8,001-12,000 | Cars costing £9,601-14,400 |
| Cars costing over £12,000 | Cars costing over £14,400 |

the benefit if it is convertible into cash, a restriction which does not apply to those earning more than £8,500.

The Chancellor has asked the Inland Revenue to consult employers about the problems in eliminating this threshold and making fringe benefits taxable in the hands of all employees.

The provision of cheap loans to employees—often for season tickets, also came under scrutiny, and the prescribed interest rate at which the loan is deemed to have been made—which which represents the taxable benefit—has been increased from 9 per cent to 15 per cent from May 6. The effective rate of interest on loans outstanding during the whole of 1980 will be 14.5 per cent. To counterbalance the increase, the benefit is exempt from tax if it does not exceed £200. The previous limit was £50.

But despite the administrative problems involved, Sir Geoffrey said that, if the provision of free petrol continued to spread at anything like its present rate, he would feel "bound to contemplate action next year."

Another issue on which the Chancellor has postponed a decision is the distinction between higher and lower paid employees in respect of fringe benefits. Anyone earning below £8,500 is only subject to tax on

RELIEF

for changes now but Green later in the year

It expected that the would, make major the system of stock he Budget. Almost anges in this aspect taxation will have experience of the in inflation account- will not be long in ie accountants will publication of an of current cost next Monday. The has promised a on corporate tax- the year. antism, as expected, for has made minor ie burden of paying down by circum- by the steel strike, is expected to be

£210m in 1980-81, and £185m in the following year.

Stock relief was first introduced in the Budget of November 1974, in response to growing fears of a cash crisis in industry because of the combined effects of price control and a sharp increase in raw material costs, and with minor amendments it has remained in force ever since. Under the November 1974 proposals, companies were allowed to defer tax on a proportion of their profit equal to the amount by which stocks had risen over the preceding year—less a nominal 10 per cent (later raised to 15 per cent) of trading profits, which was assumed to be the amount by which the volume of stocks might have risen in the normal course of trade.

Construction

'Lump' tax system to be changed

By John Huxley

Another attempt is to be made by the Government to improve and simplify tax measures for the construction industry.

Changes to legislation originally introduced to prevent tax abuses, associated with the "lump" system, will be included in the Finance Bill, the Chancellor disclosed.

They will attempt to lighten the administrative burden placed on industry by the requirements of the 714 certificates. This certificate is issued to sub-contractors under the present tax deduction regime.

The Government has also conceded that unnecessary harsh aspects of the present arrangements should be removed.

After consultations with construction industry leaders, it has agreed to relax the three-year qualifying condition for a certificate and extend the powers of the Inland Revenue Appeal Commissioners. The commissioners' jurisdiction is likely to be extended to all matters covering the issue of certificates.

Although full details of the proposed changes are awaited, they are likely to be based on a consultative paper published in January.

This suggested that earlier legislation had gone a long way towards preventing abuses of the "lump" system, but that some changes were still needed to ensure that tax liabilities and national insurance obligations are being met.

However, the consultative report admitted that there was still scope for abuse. The Inland Revenue is at present investigating 37 cases of possible abuse involving payments of £20m.

Taxation

spread ms wait

servative promises ie system of capital this country, the as not, in this latest luced the wholesale which the Govern- orters were hoping, ogining, again, the present opera- al gains tax—which ly levied on gains- or gains at all in- onstant purchasing Chancellor has felt none of the three u to him with this ation.

ASSET SALES

£500m forecast is unchanged

By Nicholas Hirst
Energy Correspondent

Asset sales of £500m are proposed, unchanged from the forecast for 1980-81 made in last November's White Paper on public expenditure, which followed £1,000m sales of government interest promised in the April 1979 Budget. This figure was almost achieved during 1979-80.

During 1979-80, some £290m was raised by the offer of British Petroleum shares held by government to the public, a further £500m was raised by a forward sale of oil by the British National Oil Corporation, with payment being made in 1979/80 for oil to be delivered during the next financial year.

The National Enterprise Board sold £38m of shares in International Computers, and £22m was raised by the sale of govern-

Stamp duty

Prospective house buyers helped by £20,000 threshold

Although prospective house buyers have received little joy on the interest-rate front from the Budget, there is still a case for quiet celebration. Unlike existing home-owners many of them will at least be spared the burden of that tax on house price inflation, stamp duty on residential property.

The tax has been severely criticized in recent years by all the parties involved in house price transactions: individual borrowers, building societies and solicitors. This year both the Law Society and the Building Societies Association made its abolition a cardinal one of the principal planks in their pre-Budget representations.

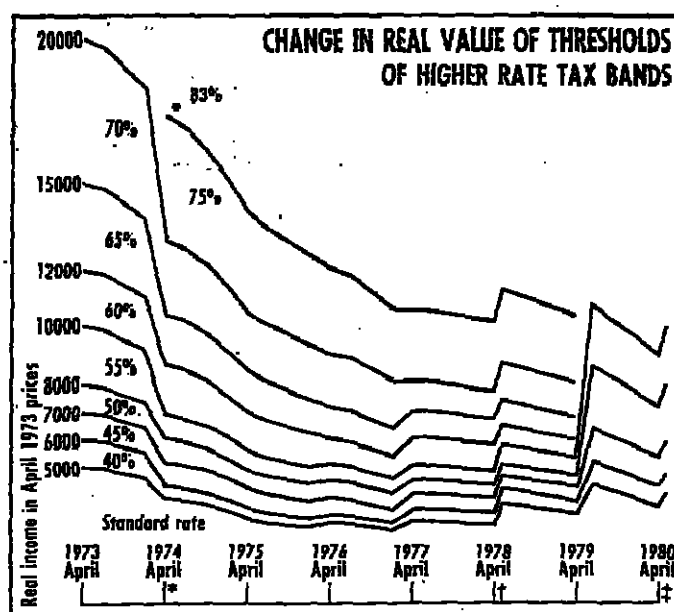
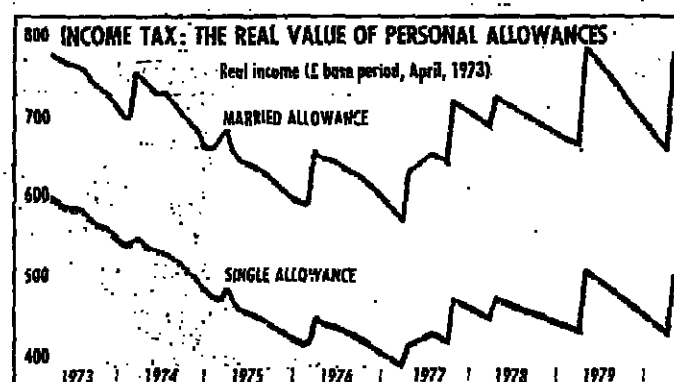
In the event they have not gained as much as they had hoped. Far from lifting the threshold from £15,000 to £30,000, the new starting point is only £20,000, with £20,000 being the new starting point for the other bands by £5,000 to £35,000 where the top 2 per cent rate bites.

The changes will cost £75m in 1980-81 and £85m in a full year.

Unfortunately, the Government has not seen fit to remove the other major grievance against stamp duty. Where a house changes hands at £20,000 or more, stamp duty will continue to be levied on the whole sum, not just the surplus over £20,000. Nor, regrettably, has it indexed the threshold where stamp duty starts.

The reduced impact of stamp duty will be welcomed by most people in the house-buying chain. The latest band rates were fixed in 1974 when the average price of a house was only £11,000 and stamp duty, beginning at £15,000 plus, only affected 16 per cent of all prospective borrowers.

Today the average price of houses nationwide is £23,052 (according to The Times/Hallifax House Price Index). Broken up by regions, the average house price in London



*All rates lower by 2%. New top band introduced
†New reduced rate band of 25% for first £750 taxable income
‡Reduced rate abolished

Income bonds

Welcome for end of short term bonds

By Margaret Stone

Far from bemoaning the axe on short term income bonds, much of the life assurance industry has welcomed the move which had been widely expected.

Short term one or two year income bonds, offering net returns of up to 19.5 per cent, have pulled in around £50m since they were resurrected last October, much of it in the last few weeks.

The Life Offices Association has campaigned to have the bonds outlawed because of the way in which they manipulated tax relief on insurance premiums to achieve the high returns. The fear was that by such blatant use of the 17½ per cent tax relief (paid directly by the Government to the insurance companies) to boost the attractions of these policies, other mainstream insurance businesses would be put in jeopardy.

The Government's decision to round up these bonds leaves intact the principle that tax relief should be available on long term life assurance contracts running for 10 years or more. The industry is less gratified that the Chancellor

Eagle Star

SUMMARY OF GROUP RESULTS FOR 1979

DIVIDENDS. The Directors are recommending to the shareholders at the Annual General Meeting to be held on 9th May 1980 a final dividend of 4.85p per share payable on 15th July 1980 to shareholders on the register as at the close of business on 17th June 1980. With the interim dividend of 4.15p per share which was paid on 15th January 1980 the total dividend for the year will be 9.0p per share (1978: 8.6409p). The total cost of these dividends will be £12.1m.

RESULTS. Investment income in the shareholders' fund increased by 23 per cent to £59.7m. Pre-tax profits of Grovewood Securities were £13.2m and with the share of associated companies' profits brought the total income from investments to £73.9m (1978: £60.2m). Shareholders' long term profits were £10.5m after grossing up for corporation tax and franked investment income. After charging pension fund contributions, which is the market practice, fire and general underwriting made a loss of £18.8m (1978: £17.5m). General business premium income increased by 9 per cent.

Overall pre-tax profits increased by 26 per cent to £64.3m.



Sir Denis Mountain, Bt., Chairman.

| | 1979 | 1978 |
|--|--------------|--------------|
| | £m | £m |
| PREMIUM INCOME | | |
| Fire, accident and motor | 378.7 | 342.5 |
| Marine, aviation and transport | 20.4 | 21.4 |
| Long term—annual premiums | 119.4 | 102.1 |
| —single premiums | 58.0 | 50.1 |
| | 575.5 | 516.1 |
| PROFIT AND LOSS ACCOUNT | | |
| | 1979 | 1978 |
| | £m | £m |
| Investment income | 59.7 | 48.5 |
| Profits of Grovewood Securities | 13.2 | 11.2 |
| Share of associated companies' profits | 1.0 | 0.5 |
| Shareholders' long term profits | 10.5 | 9.4 |
| Underwriting loss | (18.8) | (17.5) |
| | 55.6 | 52.1 |
| Expenses not charged to other accounts | 1.2 | 1.2 |
| Surplus before taxation | 54.4 | 50.9 |
| Taxation | 25.5 | 21.5 |
| Minority interest | 3.1 | 2.6 |
| Net surplus for year available for appropriation | 35.7 | 26.8 |
| Staff profit sharing scheme | 1.1 | 0.9 |
| Less taxation | 0.6 | 0.5 |
| Surplus available before transfer to catastrophe reserve | 35.2 | 26.4 |
| Transfer to catastrophe reserve | 2.0 | 2.0 |
| Dividends | 12.1 | 9.2 |
| Balance added to retained profits and reserves | 21.1 | 15.2 |

INVESTMENTS. The free reserves of the group, including capital appreciation on investments other than those of the long-term insurance funds, amounted to 63 per cent of general insurance business premium income.

During the year our cash flow within the United Kingdom showed a further satisfactory increase. The new money was mainly invested in British Government securities and mortgages with some addition to our equity portfolio. In the latter part of the year short term deposits were built up to provide the funds required to finance the acquisition of BSIT. These larger deposits taken in conjunction with very high short term rates of interest contributed usefully to our investment income.

FIRE AND GENERAL. Our overall result is analysed geographically in the following table in which is included that part of investment income which arises on insurance funds—

| | Premium income | Underwriting result | Investment income less expenses | 1979 | 1978 |
|--|----------------|---------------------|---------------------------------|---------------|-------------|
| | £m | £m | £m | Total | Total |
| United Kingdom, including marine and reinsurance | 308.6 | (15.3) | 384.4 | 23.1 | 15.9 |
| Australia | 17.1 | (2.1) | 1.2 | (0.8) | (0.8) |
| Belgium | 27.1 | (2.8) | 3.4 | 0.6 | 1.0 |
| South Africa | 31.7 | 1.9 | 1.5 | 3.4 | 3.0 |
| USA | 5.7 | 0.2 | 0.4 | 0.6 | 0.7 |
| Other territories | 6.9 | (0.7) | 1.1 | 0.4 | (0.1) |
| | 397.1 | (18.8) | 46.0 | 27.2 | 18.9 |
| Attributable to Shareholders' funds | | | | 26.6 | 21.8 |
| | | | | (18.8) | 41.5 |

UNITED KINGDOM. Premium income increased by 18 per cent to £257m (1978: £218m). 1979 was a difficult year for all underwriting accounts and there was an overall loss of £16.1m (1978: loss £14.8m). The severe weather at the beginning and the end of the year caused heavy damage and had a significant impact on claims costs, as did the increase in the rate of VAT and higher levels of inflation. The commercial and industrial fire account again made a satisfactory profit. The "all-in" account made a loss of £8.4m (1978: loss £7.4m). The effect on the account of the severe weather at the beginning of the year was partly provided for by the additional unexpired risk provision made in 1978. Motor insurance suffered another bad year with higher claims frequency in both private and commercial sectors and further increases in claims costs. There was a loss of £10.1m (1978: loss £7.1m). In the liability account there was an overall loss of £2.6m (1978: loss £1.8m) with losses in both the employers' and public liability sections of the account. The adverse effect of inflation on claims costs continues to be a serious feature of this account. Another good underwriting result was produced by our engineering insurance subsidiary.

MARINE AND AVIATION. The 1976 marine underwriting account, closed at the end of 1979, has produced a satisfactory surplus which has been retained in the account in view of the poor experience of the more recent years. The favourable outcome of the 1976 account was contributed to by a relatively light experience of total losses. The fund at the end of the year of £33.1m is equivalent to 162 per cent of our premium income.

OVERSEAS. There was an overall underwriting loss of £3.5m (1978: loss £3.1m). Trading conditions in Australia continued to be unsatisfactory. The results of our Belgian subsidiary suffered from the bad weather claims in the early part of the year. South Africa continues to contribute excellent results. The results in the USA are particularly pleasing.

LIFE. World-wide new business produced new annual premiums of £29.7m (1978: £26.2m) and single premiums and considerations for annuities amounted to £56.0m (1978: £50.1m). The annual valuation of the life funds has resulted in increased bonuses to policyholders. Profits transferred to the shareholders' account were £6.3m (1978: £5.4m) net of tax, with a grossed-up value of £10.5m (1978: £8.4m) including £0.3m from the Belgian life fund.

GROVEWOOD SECURITIES LIMITED. The pre-tax profit of Grovewood Securities was £13.2m (1978: £11.2m). The increase of 18 per cent was achieved in the face of unusually severe trading and economic conditions and shows the underlying strength of the various businesses which make up the Grovewood group.

Copies of the Report and Accounts for 1979 and the Chairman's Statement will be sent to shareholders on 11th April 1980.

Eagle Star Holdings Limited

1, Threadneedle Street, London EC2R 8BE

indling fuel supplies and a new option

stone
Chancellor's abolition of
licence for electri-
cal vehicles might
panic buying among
public concerned
dwindling fuel sup-
plying costs.

Also to remember
a car manufacturing
development as the
greater blow was de-
these industries.

the reduction of
in transportation to
s a bonus, the de-
and use of electric
is not been extended
the burden which
be shouldered by

There are about 35,000 electric vehicles in the United Kingdom that pay a vehicle licence between £50-£70.

Although the idea of increase research in electric powered vehicles is one that has gained momentum over the last decade with the supplies of fossil fuel under constant strain, the concept of the electric car dates from 1800.

In fact its history is older than that of the conventional petrol driven car. Henry Ford was to find that the main rival to his first model was an American electric car and for many years it was not quite certain whether the petrol vehicle had the advantage.

However, the constraint that

was to retard the electric car's development and give petrol the edge was the same one which has been a problem since the beginning of the century—the range of the vehicle is dictated by the battery.

During the popular days of the electric vehicle in the United States there were over 20,000. New York, Boston and even Berlin could boast of electric taxis and the world speed record of 105 kph was held in 1899 by an electric vehicle.

The Chancellor's decision will be applauded, but millions of pounds will need to be invested to even match the 6,000 that were being used in London at the turn of the century.

LETTERS TO THE EDITOR

Two-tier interest rates as a stimulus to manufacturing

From Mr G. A. Bowen

Sir, Two-tier interest rates have been mentioned before in your columns, but I have not seen a convincing case for their use as a relatively simple measure to stimulate the manufacturing sector of industry. Despite the purist monetarist it seems incontrovertible that the stimulation of manufacturing industry is necessary in order to create wealth and employment. Small firms have an important part to play.

Many manufacturing firms cannot make reasonable profits because they are undercapita-

lized and often operate in cramped, inefficient premises. With low profits and high interest rates modernization is out of the question.

In view of the petro-pound and enormous clearing bank windfall profits, it should be possible to reserve funds for capital investment by manufacturing firms at low interest rates. At present the clearing banks are rightly worried about the ability of firms to repay interest and loans, even for such essential investments as modern machinery and factories.

Only central government policy can force the major banks to look really seriously at the problems of manufacturing industry. It is obviously much more difficult for the clearing banks to play a part in industrial regeneration than to continue to collect profits from the current accounts of maiden savants and the production of more and more credit cards.

Yours faithfully,
G. A. BOWEN
142 Ennerdale Road,
Kew,
Richmond,
Surrey TW9 2DG.

Tax policy in Greece

From Mr A. G. Chloros

Sir, Your correspondent, Mr M. P. Christides (The Times, March 4) has read too much, I fear, in Mr Modrak's report from Athens. This leads him to complain, as your leading suggests, about "protectionist policy behind Greek tariffs" and to place all his hopes on changes to be brought about upon Greece's accession to the EEC. As he is misguided on both counts.

First, import tariffs will certainly be eliminated in Greece over a five-year transition period after Greece's accession. Taxes, however, will stay unless they amount to a discrimination against Community imports. As Greece does not produce cars there is no EEC reason why Greece should not impose taxes on cars. Mr Christides will notice that Denmark also taxes motor cars heavily. In any event, I should like to assure him that the EEC right of establishment will be fully operative in Greece as from accession on the same basis as it is in other EEC countries.

Secondly, Mr Christides raises his voice against presumptions which the Greek Revenue authorities apply in assessing tax upon income. I am by inclination and self-interest no great admirer of the Greek tax system, or any other such system for that matter. But Mr Christides must realize that in Greece there is widespread tax evasion on a scale

unknown to the United Kingdom.

The Government has, therefore, been driven to impose certain presumptions of income, of which the horsepower of a car one owns is one. Such powers are not entirely unknown in the United Kingdom, at least in extremis, where a reasonable suspicion of evasion may arise. Presumptions are, of course, quite common in other Community countries such as France. Nevertheless, I suspect Mr Christides would prefer to be taxed under the Greek system. The EEC has refrained so far from attempting the harmonization of the laws of taxation.

I shall not follow Mr Christides in his outburst about "backward mentality" not only in the tax system in Greece, or in his wish that the present Nine should put pressure upon Greece to mend their ways. He must forgive me if I think that the EEC is not there to put pressure upon members but to give them the opportunity to develop freely and in their own way. In the meanwhile, I trust that Mr Christides and his friends will enjoy the advantages of living in a beautiful, sunny and hospitable country such as Greece.

Yours faithfully,
A. G. CHLOROS,
The Athenaeum,
Pall Mall,
London SW1Y 5ER.
March 5.

Pay settlements

From Mr J. L. Guy

Sir, Earnings are rising faster than the RPI. All the expert commentators seem to see this as grim news for the Government in its efforts to bring down the rate of inflation. Why? Surely the Government has been pressing for pay settlements to associate higher pay with higher productivity, ie, settlements which would bring about a reduction in the labour content of the unit cost of production.

If this objective is achieved, the rate of increase in earnings must keep ahead of the rate of increase in the RPI. Far from being bad news, the latest

figures may herald the first sign of an upturn in economic efficiency.

In fact, reported settlements do not seem to have added up to an average of 20 per cent. It is frightening, although not surprising, to suppose that the Chancellor will have been basing his Budget strategy on conclusions drawn from oversimplified or, perhaps, totally misused statistics.

Yours faithfully,
J. L. GUY,
Ebrandy,
Llanllugan,
Pwys Y21 0AG.
March 21.

County court claims

From Mrs P. Metcalfe

Sir, I have been taken to court on two occasions for withholding payment for work done and on the last occasion the Registrar himself went to inspect the work done by a "so-called builder" (Small claims in the county court, March 15).

He asked me what figure I considered the job was worth and I told him and he agreed. The three of us, the builder, Registrar and myself were there and the builder did say the figure was not enough, but the Registrar told him he had done the job properly he would have been paid in full.

May I please emphasise the importance of stating that one is not refusing to pay but withholding payment, for obviously some money is owing for the work done, be it "poor". So there we are.

Yours truly,

PEVILLIS METCALFE.

5 Sharncliffe Court,
Station Road,
Wokingham,
Berkshire.
21 March 1980.

No case for new coalfield

From Mr H. V. T. Bland

Sir, I am interested to learn that the National Coal Board has discovered a new coal deposit in Warwickshire which could be two thirds of the size of the projected Vale of Belvoir field.

Such a development would seriously disturb activities of a commercial, industrial, cultural and leisure kind. Much has already been said against development of the Belvoir field. Any coal seam to be found in Britain at this stage of our industrial history is likely to be of a high cost nature to develop.

Under such circumstances there is no case for extracting coal at any price when cheap overseas coal is available from Australia and the United States, quite apart from the environmental aspect.

Yours faithfully,
H. V. T. BLAND,
Warren Farm,
Sherfield English,
Romsey,
Hampshire.

BUDGET/1980

SHARE INCENTIVE SCHEMES

A little more scope for risk takers

The Chancellor believes that to encourage personal investment is to involve individuals more closely in the workings of the economy. The tax system can help in developing commitment to business and understanding of the nature of risk taking, because commitment and risk taking are to be deemed worthy of two improved classes of tax relief.

First, the 1978 profit sharing rules are to be made slightly more generous. Under Labour the scope for free-wheeling capitalists was very limited. Employees could be allocated shares in the companies for which they worked, but not more than £500 per annum in value. That limit is to be increased to £1,000.

Again, to qualify for tax privileges, the shares had to be held for five years; that period is to be reduced to two years. Finally, to secure full tax exemption, the retention period needed to be ten years; that is to be reduced to seven.

After marshalling all one's enthusiasm, it is difficult to feel convinced that this class of scheme will henceforth produce benefits capable of justifying the very real installation and administration costs.

The second class of partici-

pation scheme is very different. The Chancellor is proposing to reintroduce share option schemes in a form similar to that enacted by Lord Barber when Chancellor in 1973. Option schemes have had a long and tortuous history over the past fifteen years.

Arrangements to give executives shares in companies began in 1965. The following year there was fought the celebrated precedent case *Abbot v Phillips*. The result was that a company could grant the right to its employees

to be allotted shares, requiring only a nominal payment for the privilege. If the price rose, the employee exercised his option and made a certain tax-free profit if the price fell, he lost nothing.

In 1966 Mr Callaghan, then Chancellor, changed the law to make paper profits on taking up shares fully taxable. Options

lost popularity and other mechanisms came in—loans by companies and partly paid shares. Lord Barber gave these schemes the stamp of approval and reintroduced the use of options.

By 1973, it was estimated, 1,000 top companies had introduced schemes. The retention period was usually five years, with many sophisticated variations, for example target schemes, which depended for their result upon some test of management performance.

Much of the fun was ended by Chancellor Healey in 1974. Schemes which ante dated his new law remained, but in 1975, many of these secondary banking collapse and the fall in Stock Exchange values eroded paper gains before either participants or the Exchequer could enjoy them.

In 1976, the Revenue strengthened its attack. Where shares were acquired at a price less than market value, the participant was deemed to have enjoyed a company loan equal to the difference. But Labour seemed to become more tolerant towards incentive schemes and in 1978 a new chapter opened with the profit sharing arrangements, now improved by Sir Geoffrey.

Whether such schemes will

develop the business commitment so earnestly sought by the Chancellor will depend upon three factors. First, it is important that the limits and rules and conditions are not too narrowly drawn.

Sir Geoffrey's approach on profit-sharing schemes is not encouraging. It is true that share schemes must not be allowed to become mere havens, capable of attracting unreasonable amounts of money invested.

Hazards involved in taking initiatives

by those who are convinced capitalists at the outset. On the other hand, the combination of detailed tax rules and trivial sums is a deterrent both to sponsoring employers and to individuals.

There is also the big question of risk. Sir Geoffrey wants initiative in the economic system and initiative involves risk-taking. Employees often have to take substantial risks in the sense they are dependent upon

their employers for pensions and livelihood. It is not always clear they commit their fortunes to their employers. The principal difficulty, requires investment in other sectors.

In the end, for popularity and effect stock option schemes depend on participants useful gain on the bets. In this respect seem a good base yet into a new scheme, in to a new scheme.

Certainly, a few will be tempted to error of joining a company's stock in high. On the other hand, the parties sponsoring always feel a sense of responsibility towards them and few finance a wholly confident a profitability in, say, whenever a scheme is to end. The combination of these three factors, a sense of cautious,

Oliver

DRINKS AND TOBACCO

Increases likely to fuel new price war

HOW DUTIES HAVE CHANGED

| | 1971 | 1972 | 1973 | 1974 | 1975 | 1976 | 1977 | 1978 | 1979 |
|--------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Cigarettes (pack 20 king size) | 20p | 20p | 17p | 22½p | 30½p | 40.4p | 46.6p | 51p | 51.3p |
| Spirits (bottle) | £2.20 | £2.20 | £1.98 | £1.98 | £2.57 | £2.57 | £2.57 | £2.57 | £2.57 |
| Beer (pint) | 4.7p | 4.7p | 3.1p | 4p | 5.5p | 6.8p | 7.3p | 7.5p | 7.5p |
| Wine (gallon) | £1.51 | £1.51 | £9½p | £1.37 | £2.57 | £2.57 | £2.57 | £2.57 | £2.57 |
| —fortified | £2.71 | £2.71 | £1.57 | £2.52 | £2.55 | £4.01 | £4.41 | £4.41 | £4.41 |

A new price war among cigarette manufacturers is expected to be fuelled by the Chancellor's raising of tobacco duties even though 5p increase for a packet of king size cigarettes is not as great as had been feared.

The 2p a pint increase on beer is expected to lead to some beer drinkers trading down to brews with lower profit margins. But the most significant effect in the drinks sector is expected to be on spirits where the 50p a bottle further duty is likely to depress sales in the longer term.

The Wine and Spirit Association gave warning last night that the effect on sales would mean the Chancellor would not realize all his expectations of increased revenues from drinks.

The Brewers' Society emphasized that petrol and diesel fuel increases would add to brewers' distribution costs.

The increase in tobacco duties will tend to reduce consumption in the cigarette market, accelerating the fall of the past few years.

Most habitual smokers, although they may cut down initially in reaction to the price rise, resume their normal level of consumption after a period.

But smokers will be even more sensitive to price levels and this is expected to be the main focus of manufacturers' marketing efforts. The industry, although its margins have been improving since the easing of the price war in king size cigarettes which began in mid-1972, was already moving towards more special price promotions.

The new voluntary code on advertising, due soon, is likely to bring greater restrictions on advertising. This would reduce the value of this marketing tool for brand promotion, which would mean the manufacturers can afford to channel more funds into special price offers.

But the duty increases could be a factor in cutting back smoking in the young, one of the Government's health campaign on cigarette smoking.

The increase in duties on beer is expected to hit sales of drinks like lager and premium bitter. But, except for very short-term consumer reactions, the overall volume of beer sales is not expected to be seriously affected.

Major brewers, however, still are left with a number of anxieties. Trading down to cheaper brews and generally heightened competition will restrict the brewers' ability to bring in further increases to offset costs inflation, thus threatening profit margins.

This year also sees considerable additional brewing capacity coming on stream, including Whitbread's Major plant and Courage's Reading brewery. This could lead to at least some marginal over-capacity problems for a time.

The other question is how far drinkers will move from the pubs into the clubs with their cheaper drinks. The brewers' profit margins on supplies to the free trade, including the clubs, is significantly lower than in their managed and tenanted houses.

Although drinks retailers have accumulated heavy stocks, particularly of spirits which will enable them to offer pre-Budget prices for a short time, sales

are expected to shrink quickly. Spirits consumption is expected to continue to be depressed for some time.

Although the distillers raised prices earlier this year, their room for manoeuvre on further increases later as inflationary costs take their toll will be severely restricted. This puts makers' margins at risk.

The increase in wine duties, although it probably reflects the adjustment between beer and wine prices to wine's advantage which is likely to be enforced within the EEC, could be a blow to wine sales but brewers, which have had substantial profit contributions from their wine and spirit interests, would not then see these maintained.

The European Court of Justice, which has been considering discriminatory taxing of alcoholic drinks within the Community, is expected to rule that Britain must make adjustments between wine and beer duties.

This could mean a cut in wine duties of around 20p a bottle, or a rise in beer duty of about 5p a pint. That could be a blow to wine sales but much will depend on the period over which an adjustment would be made.

Derek Harris

CASH LIMITS

Planned savings of £700m

The Government hopes to save £700m from the consolidated financial accounts for 1979-80 through the application of tight cash limits on public spending authorities. This is slightly less than has been widely expected. Nevertheless, it represents a substantial cut in public spending.

The savings comes as the cash limits allow for cost increases of only 14 per cent, about 2 per cent below the Government's forecast for inflation in the year. As spending bodies have to keep to the cash budget they are forced to reduce the volume of goods and services which they use.

The Chancellor yesterday described the cash limits system as a crucial instrument for the control of public spending. But the use for the second year running of tight cash limits to reduce public spending volumes may backfire on the Government. It is possible that the cash limits sources will not produce the £700m savings in 1980-81 which were predicted in yesterday's Budget.

In the early years of cash limits, spending departments and local authorities spent considerably below their budgets. The cash limits were seen as a firm ceiling on spending. As the resulting spending undershoot, or shortfall, has since become incorporated in public spending

planning. But as cash limits bite more deeply the spending authorities are likely to come closer to their cash ceilings. Even if they do not breach them there may be a far smaller shortfall.

Thus some of the savings from tight cash limits may be offset by less shortfall on spending programmes. Last year there was clear evidence of this. Sir Geoffrey Howe eased the Labour government's unrealistic cash limits for 1979-80 in his June 1979 Budget.

However, he still set the cash ceilings so as to cut spending volumes. By the time the Tory government's first White Paper on public spending was published last November the allowance for shortfalls had dropped from £2,000m for both 1979-80 and 1980-81 to £750m for the present financial year and £1,000m for 1980-81.

The figures are not strictly comparable, because they are in survey prices for different years. However, an adjustment to take account of that would strengthen the point.

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Cornhill Insurance Group 1979 Results

| | 1979 £000 | 1978 £000 |
|--------------------------------|--------------|--------------|
| Premium Income | 110,234 | 85,631 |
| Fire and accident | 3,747 | 3,901 |
| Marine, aviation and transport | | |
| General business | 113,981 | 89,532 |
| Life | 9,734 | 7,812 |
| | 123,715 | 97,344 |
| Profits | | |
| Underwriting results: | | |
| Fire and accident | (5,501) | (1,125) |
| Marine, aviation and transport | (662) | (125) |
| | (6,163) | (1,250) |
| Investment income | 12,437 | 9,351 |
| Shareholders' life profits | 75 | 75 |
| Other income | 163 | (14) |
| Profit before taxation | 6,512 | 8,162 |

1979 was a difficult year for Cornhill. Although general business premium income moved ahead by 27.3% to just under £114m, the underwriting result was disappointing and reduced pre-tax profits to £6.5m.

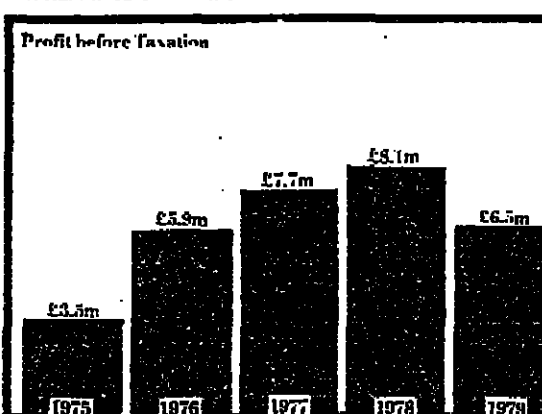
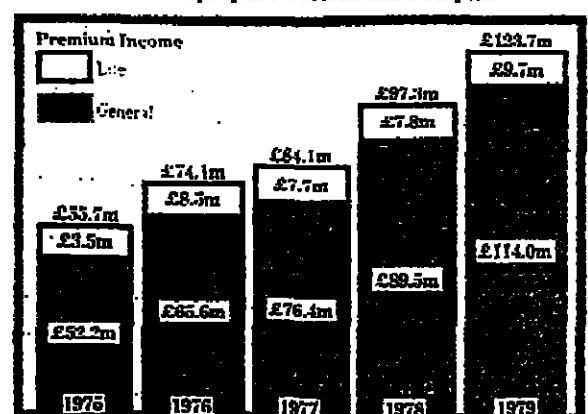
United Kingdom Motor, the biggest of the Group's accounts, was severely affected by the poor weather during the first quarter of 1979 and an underwriting loss was sustained. The household account was also influenced by the weather and by the change in the rate of VAT and was also in deficit, but an underwriting profit was achieved from pecuniary and liability business.

Overseas Very poor results were experienced in Australia and New Zealand but Ambassador, the Group's newly acquired American subsidiary, produced a useful underwriting profit. An underwriting profit was also achieved in Canada but the situation there deteriorated rapidly in the second half of the year.

Life Growth was satisfactory with new annual premiums exceeding £2m - an increase of 22% over 1978. Marine & Aviation In 1978 there were a number of severe casualties and further transfers had to be made to support the Marine and Aviation funds.

Financial Investment income increased from £3.5m to £4.24m and the Group's solvency ratio at the year end on a market value basis was 39%.

Outlook Although some of the special problems of 1979 have not returned so far, the current rates of inflation are worrying and the economic prospects are uncertain. Despite the problems of inflation and difficulties overseas Cornhill hopes that the downturn of 1979 will be an isolated setback in a long term record of expansion. Copies of the Report and Accounts may be obtained from the Secretary at 32 Cornhill, London, EC3N 3JL.



Cornhill Insurance Group
A member of the Thomas Tilling Group

FORECAST OF EXPENDITURE, IMPORTS AND GDP⁽¹⁾

L million at 1975 prices, seasonally adjusted

| | Consolidated expenditure | General Government expenditure on goods and services | Other Government expenditure | Exports of goods and services | Seas. building | Total final expenditure | Less imports of goods and services | Less expenditure on factor cost | Plus (Minus) adjustment | Gross domestic product at factor cost | GDP at 1975 prices | | | |
|------------------|--------------------------|--|------------------------------|-------------------------------|----------------|-------------------------|------------------------------------|---------------------------------|-------------------------|---------------------------------------|--------------------|-------|---------|-------|
| | | Final consumption | Fixed investment | Total | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| 1977 | ... | 63,200 | 21,200 | 3,950 | 27,200 | 16,200 | 31,400 | 1,200 | 139,200 | 30,500 | 10,800 | -450 | 97,500 | 106.7 |
| 1978 | ... | 66,600 | 23,700 | 3,950 | 29,200 | 16,600 | 25,600 | 800 | 143,700 | 31,800 | 11,900 | 0 | 100,200 | 107.7 |
| 1979 | ... | 68,200 | 23,800 | 1,400 | 27,300 | 16,200 | 27,300 | 1,700 | 147,300 | 33,100 | 12,200 | 2,000 | 101,800 | 108.3 |
| 1980 | ... | 70,000 | 23,900 | 2,000 | 26,700 | 16,600 | 22,600 | -400 | 145,700 | 33,900 | 12,300 | 1,500 | 104,000 | 108.7 |
| 1978 First half | ... | 32,800 | 11,800 | 1,200 | 13,600 | 8,600 | 15,800 | 400 | 71,300 | 15,700 | 5,400 | 0 | 49,700 | 106.4 |
| 1979 First half | ... | 34,000 | 11,900 | 1,200 | 13,600 | 8,300 | 16,200 | 400 | 72,600 | 15,900 | 5,900 | 0 | 50,000 | 106.4 |
| 1980 First half | ... | 34,500 | 11,900 | 1,200 | 13,600 | 8,300 | 15,900 | 400 | 73,000 | 16,000 | 5,900 | 0 | 50,000 | 106.4 |
| 1978 Second half | ... | 33,800 | 11,900 | 1,100 | 13,600 | 7,600 | 14,800 | 400 | 72,400 | 15,800 | 5,500 | 0 | 49,200 | 106.4 |
| 1979 Second half | ... | 33,700 | 11,900 | 1,200 | 13,700 | 7,600 | 16,700 | 400 | 73,700 | 16,200 | 6,000 | 1,200 | 50,000 | 106.4 |
| 1980 Second half | ... | 35,100 | 12,000 | 1,400 | 14,200 | 8,000 | 16,300 | -200 | 72,700 | 16,000 | 6,000 | 900 | 49,500 | 106.4 |
| 1981 First half | ... | 33,100 | 12,000 | 1,300 | 13,300 | 7,300 | 16,200 | -200 | 72,600 | 15,800 | 6,100 | 500 | 49,200 | 106.4 |

| Percentage changes | | | | | | | | | | | |
|--------------------|-----|----|----|------|-----|-----|----|----|-----|----|-----|
| | | | | | | | | | | | |
| 1977 to 1978 | ... | 5% | 1% | -10% | 0% | 41% | 2% | 2% | 4% | 0% | 3% |
| 1978 to 1979 | ... | 4% | 1% | -1% | -1% | -3% | 1% | 1% | 11% | 1% | 8% |
| 1979 to 1980 | ... | 1% | 0% | -1% | -2% | 1% | 1% | 1% | -1% | 0% | -2% |

| | | | | | | | | | | | |
|------------------------------------|-----|----|----|------|-----|-----|-----|----|-----|-----|-----|
| First half 1979 to first half 1980 | ... | 0% | 1% | -11% | -1% | 3% | 1% | 1% | 1% | -1% | -2% |
| First half 1980 to first half 1981 | ... | 0% | 0% | 1% | -1% | -1% | -1% | 1% | -1% | -1% | -1% |

| Percentage changes | | | | | | | | | | | |
|--------------------------------------|-----|----|----|------|-----|-----|-----|-----|----|----|-----|
| | | | | | | | | | | | |
| Second half 1979 to second half 1980 | ... | 1% | 0% | -19% | -2% | -2% | -2% | -1% | 0% | 1% | -2% |

| | | | | | | | | | | | |
|--------------------------------------|-----|----|----|------|-----|-----|-----|-----|----|----|-----|
| Second half 1980 to second half 1981 | ... | 1% | 0% | -19% | -2% | -2% | -2% | -1% | 0% | 1% | -2% |
|--------------------------------------|-----|----|----|------|-----|-----|-----|-----|----|----|-----|

*) All figures in Table 11 are based on "percentage" adjustment of gross domestic product. The temporary adjustment refers to different movement of expenditure and consumption

FINANCIAL NEWS AND MARKET REPORTS

Stock markets

Budget speech fails to change price trends

Hopes of a bold second Budget from Chancellor Sir Geoffrey Howe faded last night in the stock markets and with the prospect of a dramatic change in share and gilt price trends.

Marketers who had expected the Budget to move the equity market 15 points either way are now talking with much more caution and it is widely expected that the blue chip stocks, which featured prominently in the active market, will be expected to mark time or be marked lower this morning.

In the gilt market, gains of around 250 in most stocks, are thought likely to flip off the top in early trading as dealers said that once again, the Chancellor's measures had not gone far enough.

What had come out of the Budget, they said, had been largely discounted and, although welcoming a commitment to the money supply, were disappointed that the Public Sector Borrowing Requirements were not cut further.

Before the unusually long speech, most sections of the market maintained an optimistic approach which attracted one or two buyers.

Equities shook off recent gloom and made progress under the lead of oil, brewing and leading industrial. Gilt remained fairly firm, although turnover was described as low.

Confidence continued to grow throughout the day, although towards the close, it was more a case of jobbers marking prices higher than

actual interest. So that by the close, the FT index, which had remained fairly constant, closed at the day's "high" of 435.1, up 4.8.

But the decision to increase petroleum revenue tax by 10 per cent to 70 per cent was bang in line with most expectations and was enough to halt the earlier rally in oil.

Although prices closed at the top in most cases, despite the declared intention of keeping the situation continually under review. In the event, BP closed 4p better at 350p, Shell 3p to 338p and ultramar 14p to 508p.

Among the second-liners, Burmah improved 6p to 197p, Tri-central 10p to 288p, Iasco 13p to 453p and attor 8p to 216p.

Hopes that the impending drilling report from marathon Oil

on its block 16.3 would prove promising, boosted the shares of slebans, which has a sizable stake in the venture, another 33p to 583p. Speculative interest was also directed at Clyde Petroleum, 23p higher at 383p.

related shares also came in for support, with IC Gas 6p stronger at 716p, Cawoods 2p to 156p, while Carless Capel at 86p and Associated News at 257p remained steady.

Bank share prices, which showed gains during the morning in line with the rest of the market, were unchanged after hours.

The Chancellor's decision to hold back on a windfall profits tax was expected. Its introduction would have suggested that interest rates would remain

high. Barclays and National Westminster added 3p to 408p and 31p respectively, while Midland at 313p and Lloyds at 295p, both added 5p, given that the proposed changes in leasing relief had already been provided for by the sector.

Discount houses were unchanged throughout the day with Clive at 47p, Union at 378p and Alexander's Discount at 193p. Lessel Toynbee saw a 1p boost to 58p.

Among the breweries, there was relief that the Chancellor's 2p excise increase on beer, with 8p on wines and 50p on a bottle of spirits, was less than expected by the market. Prices started to move up during the morning and most gained at least a penny after hours. Allied closed 2 1/2p up at 73 1/2p, while

Bass put on 4p to 219p. Scottish and Newcastle added 1 1/2p to 56 1/2p, while the distillers showed similar shifts. A Bell put on 2p to 166p and Distillers jumped 5p.

Sentiment on the tobacco pitches was somewhat quieter than the breweries, although

Baker Perkins's recent French deal has been overlooked. It has bought 84.8 per cent of Pavalier of Valencia for less than 11m and in return will get around £500,000 a year in profits. Baker has implied total profits of about £8m for this year (to March) but some say they could be £8.5m. The steel strike has caused no trouble. The shares are 80p.

tomorrow's 5p increase on packets of king size cigarettes was at the bottom of market estimates.

Imperial Group, with its Courage subsidiary, was unchanged on the day 76p, while BAT gained 2p to 235p.

Some gains were seen in properties during an inactive day as dealers expected changes in capital gains tax and stamp duty. But in the event the £500,000 increase in stamp duty levels for housing was immediately discounted, although it should make more impact with building stocks.

Equity turnover on March 25 was £7,795m (15,685 bargains). Active stocks yesterday, according to the Exchange Telegraph, were MF, Turner & Newall, Beecham, Midland, Burmah, Lascamo, Courtauld, GEC, Grand Metropolitan, ICI, Unilever and Allied Breweries.

Latest results

| Company | Sales | Profits | Earnings | Div | Pay | Year's |
|------------------------|-------------|------------|-------------|------------|------|------------|
| Int or Fia | £m | £m | per share | pence | date | total |
| A.B. Electronic (I) | 10.5(10.3) | 0.39(0.58) | 6.0(13.7) | 3.0(2.5) | 3/6 | (—) |
| Appleyard Grp (F) | 2.05(2.575) | 0.65(1.95) | (—) | 2.0(4.0) | — | 4.25(—) |
| Bearmore Corp (F) | 46.4(42.0) | 1.1(2.4) | 7.5(18.5) | 2.2(12.13) | — | 4.4(—) |
| Cartwright Edges (F) | 8.8(3.3) | 1.1(10.3) | 10.44(11.0) | 2.9(2.5) | 8/5 | 4.6(4.0) |
| Clifford's Dairies (F) | 41.6(29.1) | 2.2(1.4) | 17.8(11.7) | 2.2(2.1) | 2/5 | 3.0(2.12) |
| Duffy Bitumastic (F) | 11.0(10.0) | 0.61(0.83) | 4.7(4.8) | 1.48(1.7) | 19/5 | 2.6(2.3) |
| Eagle Star (F) | 37.7(34.5) | 6.8(7.4) | 2.5(2.3) | 2.6(3.49) | 15/7 | 6.6(8.1) |
| Expanded Metal (F) | 32.6(35.5) | 2.5(2.3) | 8.46(7.72) | 2.5(2.3) | — | 4.5(4.0) |
| Fairview Ests (I) | 15.4(12.2) | 4.8(3.2) | 41.3(19.6) | 3.3(2.75) | 9/5 | — |
| Rotork | 19.1(18.8) | 3.1(3.3) | 8.1(9.7) | 1.0(0.66) | 23/5 | 2.0(—) |
| Legal & Gen (F) | 15.9(14.9) | 1.5(1.4) | 17.3(18.7) | 3.0(1.19) | — | 7.6(6.46) |
| Lyon & Lyon (F) | 9.7(7.1) | 0.78(0.52) | 10.8(10.2) | 4.5(3.5) | 22/5 | 10.0(10.2) |
| Wm Nash (F) | 11.5(10.0) | 0.72(0.80) | 15.3(13.8) | 6.0(—) | — | 9.5(8.0) |
| Prudential Corp (F) | — | 45.6(41.2) | 13.9(12.4) | 2.0(1.0) | 19/5 | — |
| Star (I) | 12.0(11.2) | 1.6(1.4) | 5.5(4.14) | 1.4(1.02) | 27/5 | 2.3(1.68) |
| Slough Ests (F) | 20.7(17.62) | 10.0(8.2) | 19.0(20.3) | 4.0(—) | 16/5 | 6.5(4.9) |
| Spiro-Sacco Eng (F) | 38.5(34.7) | 6.6(5.9) | — | 0.9(—) | 17/4 | — |
| Standard Indust (I) | 4.5(3.8) | 0.22(0.16) | (—) | 3.0(2.4) | 3/5 | 4.5(3.3) |
| Westbanc (F) | 68.9(65.5) | 1.1(1.0) | 15.95(16.8) | 3.0(2.4) | — | — |

Dividends in this table are shown net of tax on pence per share. Elsewhere in Business News dividends are shown on a gross basis. To establish gross multiply the net dividend by 1.428. Profits are shown pre-tax and earnings are net. *—rental income †—adjusted for scrip.

Eagle Star up 26 pc to £64.3m

By Richard Allen

Eagle Star outstripped market hopes and brought some cheer to a depressed composite insurance sector yesterday with news of a 26 per cent increase in pre-tax profits to £64.3m last year.

The improvement reverses the trend set earlier this month by the sector's three United States-oriented majors, Commercial Union, Royal and General Accident.

Unlike those groups, Eagle Star has relatively little exposure to worsening underwriting conditions overseas. Thus its overall underwriting deficit was contained at £18.8m overall against £17.5m previously despite difficult conditions for United Kingdom accounts.

Against this, investment income rose by more than £11m to £59.7m and shareholders' long-term profits rose from £9.4 to £10.5m. Greenwood Securities increased its contribution by £2m to £13.2m.

A final dividend of 6.9p gross takes the total for the year to 12.55p, an increase that matches the 26 per cent profit improvement.

United Kingdom premium income for the year increased 18 per cent to £257m. Severe weather losses in the early part of the year were partially offset by an unexpired risk provision made in 1978.

Hampton Gold oil hopes lifted

Hampton Gold Mining Areas has, it seems, struck oil in a big way. The group has received a report from its consultants, Dr Colin Phipps and Partners, who have made an initial evaluation of the well recently drilled on block 16-21a in the North Sea.

Hampton has a 5 per cent licence interest. Clyde Petroleum is another beneficiary. The operator is Sun Inc.

The consultants say that the well and two others drilled to confirm the first indicate a

palaeocene accumulation "capable of commercial development". Well 16/21a-2 "adds substantially to the palaeocene reserves", and "the latest well may have a material impact on the value of your North Sea assets".

London observers consider this bulletin enough to upgrade initial estimates from about 65 million barrels to 150 million or so, indicating oil worth 200p a share to Hampton. However, it will probably take three years before the oil

comes out of the ground. Hampton's shares fell 10p to 338p. Apart from the anti-inflationary news in place of hope, the shares are not just a bet on oil. They are also a bet on Mr Graham Lacey, whose publically quoted vehicle, National Carbonising, built up its stake in Hampton to 29.5 per cent earlier this month.

At that time it was reported that Mr Lacey had not made approaches to Hampton, and Mr James Ley, chairman of Hampton, confirmed this.

Options

Activity in the traded options market was coloured by dealers awaiting the Budget and the Chancellor's announcement to treat options in the same way as share warrants for capital gains tax.

The total numbers of contracts was 803, compared with 353 on Tuesday. Land Securities was at the top of the list with 256 contracts, followed by BP, with 159 and Shell, with 117.

In traditional options calls were produced in W. L. Pawsan, Burmah, Fidelity Radio, Rio Stakis and Letraset with puts in Davy International and a double completed in Charterhall.

Sobranie Holdings shares suspended

By Peter Weinwright

Cricket-loving amateur cricketer Raffles, the gentleman thief hero of E. W. Hornung, smoked Sullivan cigarettes, but he is not around now to help Sobranie Holdings, who also make Balkan Sobranie pipe tobacco.

The shares in Sobranie, which had its century last year, were suspended temporarily yesterday pending an announcement. The ordinary shares were 42p and the "A" shares 40p. The day before they were 5p cheaper.

A statement is thought unlikely today.

Apart from the tobacco names, Sobranie has laundry

and property interests. Engineering pulled the group into pre-tax losses of £20,624 in 1978-79 and stopped it from making profits of more than £700 in the half year to last August. But the outlook was considered "satisfactory".

Engineering interests have been closed down or sold and a City Road property was disposed of for £775,000, helping to repay overdrafts of more than £1m. Assets at end February 1979 were nearly 82p.

But the Redstone family has the last word on any deal. It controls a majority of the shares and supplies the only two directors.

Briefly

Associated Sprayers is proposing a one-for-one scrip issue in ordinary shares without an option to take deferred shares.

Standard Industrial Group (formerly Bendina Industries) reports turnover for half-year to December 31, up from £3.86m to £4.53m and pre-tax profits from £165,000 to £222,000.

William Nash: Turnover for 1979 up from £10,02m to £11.58m, but pre-tax profits fell to £761,000 (against £942,000) including extraordinary gains of £40,000 (£140,000) after tax from sale of surplus properties. Total payment raised from 10.24p to 12p.

Lyon and Lyon: Pre-tax profits rose from £22,000 to £78,000 last year, on turnover up from £7.1m to £9.7m. Total dividend, 10p gross (8.75p). Earnings per share slipped from 18.7p to 17.3p.

Duffy Bitumastic: Sales in 1979 rose from £10,09m to £11.05m, but pre-tax profits fell from £863,000 to £511,000. Total gross dividend raised from 3.38p to 3.32p. Chairman reports that, despite the unusually high first-half results, the second six months showed a marked recovery.

Thorn EMI Limited: The meeting convened for March 25 of the holders of the 6 per cent unsecured loan stock was adjourned in the absence of a quorum and will now be held on April 14, 1980 at 10.30 am. At the meeting held on March 25 of the holders of the 6 per cent unsecured loan stock the holders passed the extraordinary resolution.

R. Cartwright (Holdings): Turnover for 1979, £8.8m (£5.97m). Pre-tax profits reached £1,13m, against £391,000. Total dividend raised from 5.89p to 6.6p gross. George Wills & Sons (Holdings): Turnover for 1979, £1.18m (£1.02m). Earnings per share, 15.95p (16.8p). Total dividend raised from 4.45p to 6.45p gross and one-for-four scrip issue proposed.

Hambros Bank announces that the issue by Swedish Export Credit Corporation of £20m to Sterling/United States Dollar Option Notes, coupon of 15 per cent at a price of 100 per cent has been signed. Crouch Group is selling its house-building offshoot in Dublin, Crouch (Ireland), to Castlemeen Investments for £300,000 cash. Castlemeen has undertaken to procure the repayment of loan of £212,000 from Crouch Group to Crouch (Ireland) with further £10,500 for accrued interest.

Curfys (Ireland): Turnover rose from £29.11m to £41.63m last year. Pre-tax profits were up from £1.19m to £2.27m. Earnings per share, 17.88p (11.7p). Total dividend raised from 3.04p to 4.28p gross.

A.B. Electronic Products' sales slipped by 2.5 per cent to £10.57m in the half-year to December 31. Pre-tax profits dropped from £31,000 to £35,000. Interim payment raised from 2.57p to 4.28p gross. Second-half results likely to be similar to first, but a "good return" is expected the following year.

Mid Southern Water Co is to offer for sale by tender £5m of 10 per cent, redeemable preference stock, £105 minimum price of issue, £98 per £100 of stock.

Slough Estates ahead of forecast

By Philip Robinson

Higher rental income from the United Kingdom boosted profits of Slough Estates, the country's largest industrial estates developer, by more than a fifth to £10m, the group announced yesterday.

The gross final dividend is raised by 36.4 per cent to 1.9p, giving a total of 3.28p and topping the forecast last July when it issued an 8 per cent convertible loan stock, raising £24.5m.

That issue, at a time when interest rates were about 11 per cent, has saved them borrowing at current rates and kept the rise in interest payments down to £1m.

But the power station supplying an industrial estate and some private homes in Slough continues to run at a loss. It went into the red in 1978 and last year lost £311,000. It will continue making losses this year, but new energy-efficient equipment which is due by 1981 should turn it round.

Aided by a 15 per cent rise, United Kingdom rental income went up from £12.75m to £15.3m. In Canada, America and Europe, rental income rose from £4.87m to £5.4m.

Mr Nigel Mobbs, the chairman, expected to report a further increase in profits for the current year and said that the loan stock issue had enabled it to reduce gearing.

Appleyard pret profits plunge to £652,000

By Peter Weinwright

Heron, Mann Egerton and Henlys have all told sorry tales as distributors for B.L. Fat discounts on new models in attempts to widen market shares and the cost of carrying stocks quickly to a damage to garage companies that traditionally bank borrow to finance water-thin margins.

Appleyard depends heavily on Leyland and has a financial year ending on December 31, three months later than the others. So the punishment was harder.

The group did well to lift turnover slightly to £129.5m, but interest charges rose three quarters to £15.7m, which compared with pre-interest profits of £2.05m.

Pretax profits dived from £1.95m to £652,000 and the collapse in earnings a share was from 17.45p to 5.99p, forcing the group into setting the total dividend at 4.25p a share or 6.08p gross. The year before it was 9.07p gross.

Cars as a category held their own with £105.5m of turnover

but 1978 pretax £1.3m gave way to £1.05m. Sales of vehicles and fuel good profits but against cars.

Appleyard did well in the first half, but a slump in the second half, and a group has also managed costs by closing down garages and Lanchesters.

The Rolls-Royce businesses are doing latest B.L. setting a recapturing market in this year could see between £652,000 and no return to old times.

Further Appleyard it has had no severe points out, but a motor business and out property would redundancy costs.

The shares fell a balance to 58p, reflecting that after a stringer and Appleyard may be a distributor to be in sight.

Harrisons Malaysia Estates on target

By Michael Prest

In its first nine months to the end of last year, Harrisons Malaysia Estates, the plantation company that is 80 per cent controlled by Harrisons & Crossfield, made pretax profits of £23.3m, slightly less in sterling terms than for the comparable period of 1978.

But the directors expect that full-year profits will exceed 1978's £30m. They have announced an interim dividend of 2.57p gross against 2.14p. The payout is to restore the disparity between the half-year and full-year dividends and are not to be taken as an indication of the final.

Mr Prest, fell a little from £55.3m to £54.8m. Harrisons & Crossfield, whose accounting year runs to the end of December, says that pre-BME for the year were £30m, up £2m.

A stronger pound, higher profits in ringgits were lower sterling resuable figures in current year, the BME year and M&S106m.

These results were despite a third year £1m to profits in Prices of BME's products—rubber, palm kernels, an remained firm.

Combined with and more favourable rates, prices in the should lead to record earnings per share from 8.01p to 7.8p.

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Stock Exchange Prices

Blue chips active

ACCOUNT DAYS: Dealings Began, March 24. Dealings End, April 11. § Contango Day, April 14. Settlement Day, April 21

[illegible]



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4  6  3  oil  

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2  3  2  oil 2  HI 

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 Varied rough shooting over 1600 acres.
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